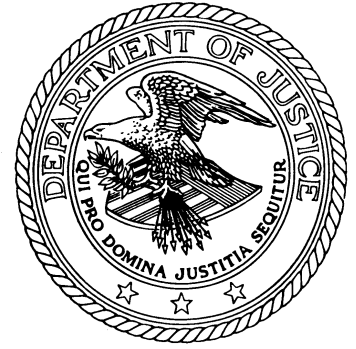


NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
Karen P. Hewitt*

For Further Information, Contact:

Assistant U.S. Attorneys Steven E. Stone at (619) 557-7039 or Melanie K. Pierson at (619) 557-6074

For Immediate Release

Three Charged in \$30 Million Fraud Scheme

NEWS RELEASE SUMMARY - July 9, 2009

San Diego, CA - United States Attorney Karen P. Hewitt announced today that Matthew “Beau” La Madrid of Jamul, Lance La Madrid of El Cajon, and Eric Montiel of San Diego, were charged in a 29-count indictment with conspiracy, mail fraud, wire fraud, and bank fraud in connection with their operation of the Plus Money Premium Return Funds and related real estate investment schemes. Matthew La Madrid was also charged with money laundering and witness tampering. The indictment was handed up by a federal grand jury sitting in San Diego on July 7, 2009 and unsealed today.

According to the indictment, Matthew “Beau” La Madrid was the President and General Manager of Plus Money, Inc. (“Plus Money”), an investment group with offices in El Cajon, and also operated businesses related to real estate investments, including Innovative Financial Solutions (“IFS”), Real Estate Investment Group (“REIG”), and E & M Property Management, located in San Diego County. It is further alleged that Lance La Madrid was the Assistant General Manager of Plus Money and the manager of Premium Return Fund III, and Eric Montiel was the Audit and Communications Officer for Plus Money, the manager of Premium Return Fund

II, and a partner in REIG and E & M Property Management.

The indictment alleges that between May 2004 and May 2008, Plus Money obtained from investors over \$30 million, held in three pools known as Premium Return Fund I, Premium Return Fund II, and Premium Return Fund III. It is further alleged that the defendants represented to investors that they operated a “covered calls” stock option trading program and other investment programs involving real estate, falsely promising that monies invested in the Plus Money funds would be used to trade in “covered call” stock options and that the monthly payments investors would receive represented income from their investment.

The indictment alleges that the defendants provided the Plus Money investors with false and misleading account statements indicating that the investment funds were healthy and profitable and that the principal invested by all participants was intact as of July 13, 2006, when account statements were sent to Plus Money investors falsely indicating that the brokerage account for Premium Return Fund I contained at least \$13 million, when the account contained only \$3 million.

The indictment also alleges that or about September 14, 2007, defendant Matthew “Beau” La Madrid transferred \$5 million from the brokerage accounts for three Premium Return Funds to an account in the name of Vision Quest Investments; and again on October 9, 2007, La Madrid transferred \$2.6 million from the brokerage accounts of two of the three Premium Return Funds to an account in the name of Vision Quest Investments, without the knowledge or consent of the Plus Money investors. According to the indictment, thereafter, on January 15, 2008, the defendants sent account statements to the Plus Money investors falsely stating that the brokerage accounts for each of the three funds contained at least \$8 million, when none of the funds contained more than \$135,000.

The indictment alleges that in order to obtain money from potential investors, the defendants caused others to fraudulently obtain over \$34 million from lenders on home loan applications. It is alleged that the defendants prepared home loan applications falsely stating that the potential borrowers earned substantial income

as employees of businesses where the borrowers did not in fact work, falsely overstating the borrowers' assets, falsely stating that none of the funds used for the down payments were borrowed, and falsely stating the intent of the borrower to reside on the property. It is further alleged that the defendants fabricated bank statements, paid a tax preparer to write letters in support of home loan applications, forged the signatures of borrowers and loan officers on documents, and paid notaries to falsely verify the signatures.

The indictment alleges that the defendants obtained over \$4 million from investors for REIG and E & M Property Management by falsely representing that their investments were fully protected by promissory notes secured by real property when, in fact, the promissory notes were never recorded as an interest in property and, in other cases, either the property involved did not contain sufficient equity to secure the investment or the securing property was sold without repayment to the note holder.

According to the indictment, on August 7, 2008, Matthew "Beau" La Madrid asked an individual to falsely verify the names of employees and dates of employment that had been falsified for borrowers on loan documents. The indictment further alleges that on April 9, 2008, the defendants secretly moved the records and computers from the offices of Plus Money to the residence of a co-conspirator, in order to prevent the investors from learning the full extent of the fraud and their losses and in order to conceal documents from the Securities and Exchange Commission ("SEC") to prevent their use by the SEC in any proceedings.

On April 28, 2008, the SEC filed an action against Plus Money and Matthew La Madrid, Case No. 08cv0764, alleging securities fraud.

Defendants Matthew La Madrid and Eric Montiel are expected to be arraigned before United States Magistrate Judge Leo S. Papas today at 1:30 p.m. Lance La Madrid is expected to be arraigned in Arizona later today.

In separate but related cases, U.S. Attorney Hewitt noted that five other individuals have pled guilty to federal charges stemming from their role in this scheme.

- On September 15, 2008, Richard Kassler pled guilty to conspiracy to commit mail fraud, wire fraud, bank fraud, and securities fraud in violation of Title 18, United States Code, Section 371, before United States Magistrate Judge Cathy Ann Bencivengo, in Criminal Case No. 08CR3030-WQH. Kassler is currently scheduled to be sentenced before United States District Court Judge William Q. Hayes on December 14, 2009.
- On December 22, 2008, Mark Busby and his wife Christine Busby entered pleas of guilty to conspiracy to commit mail fraud, wire fraud and bank fraud, in violation of Title 18, United States Code, Section 371, before U.S. Magistrate Judge Barbara Lynn Major, in Criminal Case No. 08-CR-4322-H. The Busbys are scheduled to be sentenced on August 10, 2009, before Judge Hayes.
- On June 29, 2009, James Hyatt entered a plea of guilty to conspiracy to commit mail fraud, wire fraud and bank fraud, in violation of Title 18, United States Code, Section 371, before U.S. Magistrate Judge Barbara Lynn Major, in Criminal Case No. 09-CR-2467-DMS. Hyatt is scheduled to be sentenced on September 18, 2009, before Judge Sabraw.
- On June 30, 2009, Kevin Fallis entered a plea of guilty to the charge of conspiracy to commit mail fraud, wire fraud and bank fraud, in violation of Title 18, United States Code, Section 371, before U.S. Magistrate Judge Ruben B. Brooks in Criminal Case No. 09-CR-2293-L. Fallis is scheduled to be sentenced on September 8, 2009, before Judge Lorenz.

All of the pleas are subject to final acceptance by the District Court Judge at the time of sentencing.

DEFENDANTS

Criminal Case No. 09-CR-2582

Matthew “Beau” La Madrid	Age: 48	Jamul, California
Lance La Madrid	Age: 50	El Cajon, California
Eric Montiel	Age: 52	San Diego, California

SUMMARY OF CHARGES

Count 1	Conspiracy in violation of Title 18, United States Code, Section 371 Maximum Penalty: 5 years in custody and/or \$250,000 fine
Counts 2-12	Mail Fraud, in violation of Title 18, United States Code, Section 1341 Maximum Penalty per count: 20 years in custody and/or \$250,000 fine

Counts 13-19 Wire Fraud, in violation of Title 18, United States Code, Section 1343
Maximum Penalty per count: 20 years in custody and/or \$250,000 fine

Counts 20-23 Bank Fraud, in violation of Title 18, United States Code, Section 1344
Maximum Penalty per count: 30 years in custody and/or \$1,000,000 fine

Counts 24-28 Money Laundering, in violation of Title 18, United States Code,
Section 1957 (Matthew LaMadrid only)
Maximum Penalty per count: 10 years in custody and/or \$250,000 fine

Count 29 Obstruction of Justice, in violation of Title 18, United States Code,
Section 1512(b)(1) (Matthew LaMadrid only)
Maximum Penalty per count: 20 years in custody and/or \$250,000 fine

Forfeiture Allegations, in violation of Title 18, United States Code, Sections 981, 982 and
Title 28, United States Code, Section 2461

AGENCIES

Federal Bureau of Investigation
Internal Revenue Service Criminal Investigation

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.