

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - March 3, 2004

United States Attorney Carol C. Lam and Internal Revenue Service Special Agent-in-Charge Denise L. Rubin announced that Francis Cosmo Manfred was sentenced in United States District Court in San Diego by the Honorable Napoleon A. Jones, Jr. to 21 months in custody for income tax evasion. Manfred, a resident of Carlsbad, pled guilty to one count of income tax evasion on September 8, 2003, in connection with his role in the San Diego operation of TLC Investment and Trade Company.

In his plea, Manfred admitted that he filed a false income tax return for the tax year 1998. Manfred falsely reported income in the amount of \$278,033 when he knew his income was well in excess of this amount. Manfred admitted that he evaded his income taxes by diverting commission income he received from TLC Investment and Trade Company to other individuals and corporations that he owned. During the tax years 1997, 1998, and 1999, Manfred failed to report commission income he received from TLC Investment and Trade Company in excess of over \$1 million. This resulted in a tax loss to the government of \$476,364 which Manfred was ordered by the court to pay to the Internal Revenue Service.

Terence Michael Kettenhofen, an owner of TLC in San Diego, pled guilty to conspiracy to commit wire fraud and was sentenced in January 2004 to 30 months in custody, and ordered to pay restitution in the amount of \$4.3 million. Kettenhofen admitted that he conspired with Francis Manfred, TLC's first salesman, to raise funds from individuals by representing that TLC would use the funds to invest in tax lien certificates resulting in a 12-10% annual return. In actuality, TLC used investor funds to make payments to pay undisclosed commissions, pay returns to other investors, fund loans to third parties, and pay TLC's overhead. As a result of these misrepresentations, TLC raised over \$8 million from investors.

DEFENDANT

Francis Cosmo Manfred

SUMMARY OF CHARGES

Income Tax Evasion in violation of Title 26, United States Code, Section 7201.
Maximum sentence: Five years in prison and fine not to exceed \$250,000.

AGENCY

Internal Revenue Service, Criminal Investigation Division
Federal Bureau of Investigation
San Diego Police Department