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FOR IMMEDIATE RELEASE
AUGUST 23, 2007
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EMERYVILLE FINANCIAL ADVISOR PLEADS GUILTY TO WIRE FRAUD AND MONEY LAUNDERING

OAKLAND – United States Attorney Scott N. Schools announced that Frank J. Garza, Jr., pleaded guilty yesterday to wire fraud and money laundering. This guilty plea is the result of an investigation by the Internal Revenue Service Criminal Investigation and the Federal Bureau of Investigation.

Mr. Garza., 44 of Emeryville, CA, was indicted by a Federal Grand Jury on April 27, 2005. He was charged with six counts of wire fraud and eight counts of money laundering. Under the plea agreement, Mr. Garza pled guilty to two counts of wire fraud and one count of money laundering.

In pleading guilty, Mr. Garza admitted that he owned and operated Garza & Associates, a tax and bookkeeping service located in Emeryville, California. He also provided consulting and worked as a loan broker for high-end loans. About July 1999 through November 2001, he devised a scheme to solicit money to invest in a Denver, Colorado fiber optics company named Aerie Networks. Mr. Garza converted money received from investors for his own investments, unrelated to their Aerie investment, which included a housing development in Cave Creek, AZ and a penthouse in Scottsdale, AZ. Mr. Garza falsely advised investors that this opportunity was exclusive to "friends and family" of the corporate founders. He further tried to conceal the misuse of investor funds by using bank accounts in the names of other entities while falsely assuring investors that their investments were made in Aerie stock and that they would receive stock certificates in their names.

According to Scott O'Briant, Special Agent in Charge of the Internal Revenue Service Criminal Investigation, "Money laundering is not a victimless crime. This is a classic example of a scheme that defrauded innocent people. IRS-CI will continue to aggressively devote resources to investigate these schemes and bring the promoters to justice."

In an attempt to conceal assets, Mr. Garza created the following corporate and partnership entities:

Garza & Associates, Emeryville, CA

Alliance Management Services, Emeryville, CA

Vinesong, Ltd., Emeryville, CA

Continuum Enterprises, Ltd., Emeryville, CA

Estate Planning & Preservation Strategies, Inc., Emeryville, CA

Argar Limited Partnership, Emerville, CA

RGMJ, L.L.C., Sun Lakes, AZ

Hudson Partners, L.L.C., Emeryville, CA

As part of the plea, Mr. Garza agreed to forfeit \$1,047,313. This represents the amount involved in or traceable to the money laundering charges. The sentencing of Mr. Garza is scheduled for November 28, 2007, before Judge Wilken in Oakland. The maximum statutory penalty for each count of wire fraud, in violation of Title 18, U.S.C. § 1343 is 20 years and a fine of \$250,000. The maximum statutory penalty for each count of money laundering, in violation of Title 18, U.S.C. § 1956(a)(1)(B)(i) is 20 years and a fine of \$500,000, or twice the value of the property involved in the transaction. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

David L. Denier is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Kathy Tat. The prosecution is the result of a lengthy investigation by the Internal Revenue Service, Criminal Investigation and the Federal Bureau of Investigation.

Further Information:

Case #:CR 05-00261 CW

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Natalya LaBauve at (415) 436-7055 or by email at Natalya.LaBauve@usdoj.gov.

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