

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 - August 27, 2007

United States Attorney Karen P. Hewitt announced that Kenneth Hodgell and Kenneth Kempton were sentenced today in federal court in San Diego based on their guilty pleas to wire fraud and tax evasion charges. United States District Court Judge Thomas J. Whelan sentenced Kenneth Kempton to serve 87 months in custody, serve a three-year term of supervised release, forfeit \$2.3 million, and to pay \$20,282,532 in restitution to more than 50 victims. Judge Whelan sentenced Kenneth Hodgell to serve 120 months in custody, serve a three-year term of supervised release, forfeit \$2.3 million, and to pay \$40,565,065 in restitution to more than 50 victims.

The defendants admitted that they helped operate a fraudulent enterprise that purported to raise millions of dollars from investors for several stated purposes, including qualifying for the release of funds to be used for various insurance-related ventures, financing and operating insurance-related companies, mining and refining gold, issuing a consumer rebate card, operating community social development centers, and financing medical research and development. In truth, however, the defendants spent all of the investor

money on themselves. The defendants used investor money to pay their rent, to pay for privately chartered flights, to rent cars for themselves, and to provide themselves with daily cash stipends. The defendants evaded the income taxes due on all of these and other benefits. The defendants targeted many of their victims through churches.

The United States Attorney praised the investigative work by the Federal Bureau of Investigation and the Internal Revenue Service - Criminal Investigation Division in this case.

DEFENDANTS

Case Number 03cr0850W

Kenneth Hodgell
Kenneth Kempton

SUMMARY OF CHARGES

Title 18, United States Code, Section 1343 - Wire Fraud
Title 26, United States Code, Section 7201 - Income Tax Evasion

AGENCIES

Federal Bureau of Investigation
Internal Revenue Service - Criminal Investigation Division