



Department of Justice



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**Last Defendant is Sentenced to the Statutory
Maximum Term of Imprisonment in Case Involving
W Financial Group's \$17 Million Fraud**

***Plano Father and Son Currently Serving Federal Prison Sentences for Roles in the
Fraud***

DALLAS — Adley Husni Abdulwahab, 37, was sentenced today by U.S. District Judge Barbara M. G. Lynn to the statutory maximum sentence of 10 years in federal prison for his role in an investment fraud scheme that he and two other defendants ran from 2006 - 2007 in Dallas, announced U.S. Attorney Sarah R. Saldaña of the Northern District of Texas. Abdulwahab was also ordered to pay nearly \$13 million in restitution, jointly and severally with two other defendants who were charged in a related separate case, to the more than 175 victims they had defrauded, and he was ordered to forfeit any proceeds from the crime.

In pronouncing the sentence, Judge Lynn noted that this was a “horrible crime” and “a lot of elderly people lost their life savings.” Judge Lynn ordered that this sentence be served consecutively to the 60-year federal prison sentence that Abdulwahab is currently serving for his role in another securities fraud scheme out of the Eastern District of Virginia.

In the Northern District of Texas case, Abdulwahab, aka Adley H. Wahab, pleaded guilty in March 2012 to one count of engaging in a monetary transaction in property derived from unlawful activity (securities fraud). In related cases, Michael Wallens, Sr., formerly of Nantucket, Massachusetts, and his son, Michael Wallens, Jr., formerly of Plano, Texas, each pleaded guilty in 2010 to one count of securities fraud. Wallens, Sr. was sentenced to 54 months in prison and Wallens, Jr. was sentenced to 60 months in prison.

According to documents filed in the case, Abdulwahab and the Wallens' offered and sold to investors Collateral Secured Debt Obligations (CSDOs), issued by W Financial Group. CSDOs are promissory notes and a type of security also known as an investment contract. Investors contributed money to a common enterprise, and in exchange, they expected to earn investment returns from the entrepreneurial efforts of persons associated with W Financial. Abdulwahab and the others defrauded investors by deceiving them about the safety of the CSDOs and the ways in which money invested in CSDOs was used.

Acting personally, and through sales agents, Abdulwahab, Wallens, Sr. and Wallens, Jr. offered and sold CSDOs with a total face value of more than \$17 million to approximately 180 investors. Investors received several million dollars in payments from W Financial Group in return for their investments, but ended up losing more than \$12 million.

Through the printed offering materials and other communications, Abdulwahab, Wallens, Sr. and Wallens, Jr. misrepresented a number of material facts to investors. For instance, they claimed that the insurers Lloyd's of London and Republic Group "reinsured" the CSDOs, when in fact, as they well knew, the CSDOs were not insured. They also claimed that W Financial Group would enter into a "relationship of trust" with each investor, in which W Financial Group would comply with all the obligations of a fiduciary. In reality, however, as they well knew, they intended to betray and had betrayed the investors' trust by using investor money for their own personal benefit, such as purchasing Wallen Sr.'s used car dealership from him; purchasing residential lots; and investing in a home building company and a power company.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

The cases were investigated by the FBI and the FDIC Office of Inspector General, with substantial assistance from the Enforcement Division staff of the Securities and Exchange Commission. Assistant U.S. Attorney Alan M. Buie was in charge of the

prosecutions.