



ROD PACHECO
DISTRICT ATTORNEY

OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF RIVERSIDE

FOR IMMEDIATE RELEASE
Nov. 19, 2009

CONTACT: Ryan Hightower, PIO
951-955-8526

**DISTRICT ATTORNEY ROD PACHECO AND
U.S. ATTORNEY GEORGE S. CARDONA ANNOUNCE CHARGES
IN STONEWOOD SECURITIES AND MORTGAGE FRAUD**

RIVERSIDE, CA: District Attorney Rod Pacheco, through a collaborative investigation with the U.S. Attorney's Office, IRS, FBI and U.S. Postal Inspection Service, filed 249 counts of securities fraud, grand theft, elder abuse and corporate ID theft against seven people in Riverside County.

James Benjamin Duncan, 38; Hendrix Moreno Montecastro, 37; Helen Moreno Pedrino, 57; Maurice McLeod, 37; Charlie Sung Muk Choi, 34; Cindi Gayle Kelly, 33; and Thuan Nhan Du, 33; are each listed in the complaint filed this week in Riverside County Superior Court.

The crimes include the selling of fraudulent securities leading to a loss of more than \$17 million, as well as mortgage fraud leading to a loss of \$124.5 million throughout Riverside County. The defendants carried out similar schemes in other areas of California and Arizona.

The defendants created several false companies, including Pacific Wealth Management and Stonewood Investments, advertising a quick return of monetary investments through Internet advertising, large investment seminars and word of mouth by victims and the defendants. The defendants used these investment schemes to bilk victims out of millions of dollars while lining their own pockets.

Duncan, who billed himself as "James the Cash King" in a series of online videos, would promise high yield for his victim's investments while he pocketed \$19 million for himself by failing to provide his promised returns. Duncan operated similar investment scams in Iowa, Wisconsin and Washington. As a result, all three states issued cease and desist orders.

"These scam artists skillfully deceived their victims with the promise of a better life through making easy money," said District Attorney Rod Pacheco. "By creating the illusion of financial stability they were able to lure in potential investors and then take advantage of their credit to bring in large amounts of money for themselves."

Additionally, U.S. Attorney George S. Cardona, filed federal charges against three of the above named defendants linked to the Stonewood fraud.

The United States Securities and Exchange Commission (SEC) provided assistance in the criminal investigation. In 2008, the SEC filed a civil enforcement action against Duncan, McLeod and Montecastro, and entities they controlled. Earlier this year, a federal judge in Riverside ruled in favor of the SEC by entering permanent injunctions against the defendants, ordering each of them to pay \$130,000 in civil penalties, and ordering disgorgement of more than \$30 million of ill-gotten gains.

“The schemes involving Total Return Fund, Stonewood Consulting, and a series of shell companies collected tens of millions of dollars and victimized both individual investors and financial institutions,” said United States Attorney George S. Cardona. “Using storefronts across the Inland Empire and numerous phone lines assigned to their shell companies, the schemers misled banks into believing that prospective borrowers had significant assets when, in fact, the schemers were engaging in a mortgage fraud shell game built on lies to both their investors and the banks.”

In plea agreements also filed today in United States District Court in Los Angeles, Christopher J. Oetting, 47, of Palm Desert; Linda Brooks, 54, of Murrieta; and Steven Kayden, 51, of Cathedral City; all have agreed to plead guilty to federal charges related to their roles in one or more investment schemes. Oetting has agreed to plead guilty to money laundering and four counts of filing false tax returns, admitting that he played a key role in fraudulent enterprises that included the Total Return Fund investment fraud, the Stonewood Consulting mortgage fraud, and the fraudulent solicitation of investments in overpriced Iraqi dinars. Brooks and Kayden have each agreed to plead guilty to a single count of conspiracy, both admitting that they participated in the Stonewood Consulting mortgage fraud.

The District Attorney’s case, RIF153306, is being prosecuted by Supervising Deputy District Attorney Michael Silverman.

#