



The United States Attorney's Office

Central District of California



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TWO LINKED TO INLAND EMPIRE INVESTMENT SCAM TAKEN INTO CUSTODY AFTER BEING CHARGED IN \$23 MILLION SCHEME

RIVERSIDE, California – Two people have been taken into custody after being indicted by a federal grand jury in a \$23 million Ponzi scheme related to an Inland Empire operation called Financial Solutions.

David Lincoln Johnson, 70, of Loma Linda, surrendered this morning to federal authorities after being named Wednesday in an 85-count indictment that accuses three defendants of mail fraud and money laundering.

Yesterday morning, the founder and president of Financial Solutions was arrested in Mankato, Minnesota. Christiano Kawika Hashimoto Jr., 49, is accused of orchestrating the scheme that collected approximately \$23 million from investors with promises of up to 20 percent returns every month.

Also named in the indictment is Catherine Lipscomb, 41, of Moreno Valley, who held various executive positions with Financial Solutions. Lipscomb is expected to make her first court appearance later this month.

Hashimoto operated Financial Solutions at various locations in the Inland Empire, including Riverside and Ontario, until November 2004, when the Securities and Exchange Commission shut down the company for violating securities laws. Financial Solutions offered investments in a “government contract lending program” that purportedly loaned money to a company run by Johnson, Gentech Fabrication, Inc., of Chino. As a part of the scheme, Hashimoto told

potential investors that their money would be used to fund Gentech's construction of equipment to be sold to the U.S. government. Hashimoto and Johnson told potential investors that their investments were guaranteed by a contract held by Gentech, even after that contract was cancelled by the Air Force in May 2004.

According to the indictment, investors were promised rates of return ranging from 5 percent to 20 percent per month. From mid-2003 through November 2004, Hashimoto and Lipscomb deposited approximately \$23 million into Financial Solutions' bank account. The indictment alleges that out of this money, less than \$1 million went to Gentech, nearly \$2 million went directly Hashimoto, and approximately \$14 million went to pay other investors and sales commissions.

A federal magistrate judge in Minnesota yesterday ordered Hashimoto released on a \$25,000 bond, a decision that the government intends to appeal. Johnson is expected to make his initial court appearance this afternoon in United States District Court in Riverside.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until proven guilty in court.

If convicted of the 85 charges in the indictment, Hashimoto, Johnson and Lipscomb would each face a statutory maximum penalty of 1700 years in federal prison.

The investigation of Hashimoto, Johnson and Lipscomb was conducted by IRS - Criminal Investigation and the United States Postal Inspection Service.

The Securities and Exchange Commission previously filed a civil action against Hashimoto, obtaining a court order directing Hashimoto to disgorge \$18.4 million, see: <http://www.sec.gov/divisions/enforce/claims/ohanaintl.htm>.

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