



## **NEWS RELEASE**

September 8, 2003

**OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California**

**United States Attorney  
Carol C. Lam**

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### **For Immediate Release**

#### **NEWS RELEASE SUMMARY**

Carol C. Lam, United States Attorney for the Southern District of California announced that Terence Michael Kettenhofen and Francis Cosmo Manfred pled guilty today in federal court in San Diego in connection with their roles in the San Diego operation of TLC Investment and Trade Company. Kettenhofen pled guilty to one count of conspiracy to commit mail fraud and Manfred pled guilty to income tax evasion. The defendants entered their guilty pleas before United States District Judge Napoleon A. Jones Jr.

In his plea agreement, Kettenhofen admitted that he was a 50% owner in TLC Investments and Trade Company with Eunan Aeria being the other 50% owner. Kettenhofen admitted that he conspired with Francis Manfred and Eunan Aeria to raise funds from individuals by representing that TLC would use the funds to invest in tax lien certificates resulting in a 12-19% annual return. In actuality, TLC used investor funds to make payments to and on behalf of defendant Kettenhofen and Aeria, pay undisclosed commissions, pay returns to other investors, fund loans to third parties, and pay TLC's overhead. As a result of these misrepresentations, TLC raised over \$8 million from investors.

In his plea, Manfred admitted that he filed a false income tax return for the tax year 1998. Manfred falsely reported income in the amount of \$278,033 when he knew his income was well in excess of this amount. Manfred admitted that he evaded his income taxes by diverting commission income he received from TLC Investment and Trade Company to other individuals and corporations Manfred owned. During tax years 1997, 1998, and

1999, Manfred failed to report commission income he receive from TLC Investment and Trade Company in excess of over \$1.4 million. This resulted in a tax loss to the government of over \$476,000.

Eunan Blair Aeria, who founded TLC with Kettenhofen, previously pled guilty for his role in the San Diego operation of TLC and is awaiting sentencing. Ernest Frank Cossey, TLC's former Chief Executive Officer, and Gary Williams, a certified public accountant and TLC's former Chief Financial Officer, have also pled guilty for their roles in the Brea, California operation of TLC. Cossey was sentenced to 57 months in custody on July 15, 2002, and Williams is awaiting sentencing.

Kettenhofen and Manfred are scheduled to be sentenced before Judge Jones on January 12, 2004 at 8:15 a.m.

## **DEFENDANTS**

Terence Michael Kettenhofen

Francis Cosmo Manfred

## **SUMMARY OF CHARGES**

Income Tax Evasion in violation of Title 26, United States Code, Section 7201.  
Maximum sentence: Five years in prison and fine not to exceed \$250,000.

Conspiracy to Commit Mail Fraud in violation of Title 18, United States Code, 371.  
Maximum sentence: Five years in prison and fine not to exceed \$250,000

## **AGENCIES**

Internal Revenue Service, Criminal Investigation  
Federal Bureau of Investigation  
San Diego Police Department