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## L.A. money manager indicted on 23 charges in alleged Ponzi scheme

September 30, 2010 | 4:23 pm

A federal grand jury has indicted the former owner of a Sherman Oaks company on 23 felony charges related to a \$228-million Ponzi scheme that victimized investors across the United States, said Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles.

Bruce Fred Friedman, 60, was arrested Sept. 13 outside a hotel where he was staying in Cannes, France, on a warrant obtained by federal prosecutors. He is being held in a French custody awaiting extradition proceedings.

The charges carry a maximum possible sentence of 390 years in prison, Mrozek said.

The Securities and Exchange Commission shut down Friedman's company, Diversified Lending Group, in March 2009 and filed civil charges accusing him of operating a massive Ponzi scheme since 2004.

He is accused of raising \$228 million that he said he would invest in rental properties, but instead diverting more than \$50 million to himself, friends and family. None of the money was used to buy rental properties, an FBI agent said in an affidavit.

The SEC said Friedman spent millions of dollars to "finance his extravagant lifestyle," including a \$6.5-million home in Malibu and a fleet of luxury cars. The SEC lawsuit faulted Friedman for failing to disclose to investors a grand theft conviction in the 1980s for stealing \$300,000 from his former employer, Avery Dennison Corp., where he was a tax manager. He served two years in prison in that case.

Friedman has previously denied wrongdoing in letters to a court-appointed receiver who is liquidating his company's remaining assets to be returned to investors.

"I strongly disagree with the receiver's statement that DLG was a Ponzi scheme," Friedman said in an April 6 filing. He said that he believed some of his investments had the potential to return significant profits and defended spending millions of dollars on private jets as a necessary business expense.

Friedman acknowledged giving hundreds of thousands of dollars of investors' money to his children, but said "they were valid gifts and are includable in my income."

-- Stuart Pfeifer

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