



# Department of Justice

*United States Attorney Jim Letten*

**Eastern District of Louisiana**

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## **EX-BROKER PLEADS GUILTY TO CONSPIRACY TO COMMIT SECURITIES FRAUD**

**NEW ORLEANS, LOUISIANA -DAVID LESTER MCFADDEN**, age 62, a resident of Orange Beach, Alabama, formerly of Baton Rouge, Louisiana, pled guilty today before U.S. District Court Judge Carl J. Barbier to conspiracy to commit securities fraud, announced U. S. Attorney Jim Letten.

According to the factual basis, **MCFADDEN** admitted that he conspired with others to commit a securities fraud scheme by promoting his qualifications and credentials as a CPA and financial planner to obtain clients. **MCFADDEN** failed to disclose to clients the fact that he was not a licensed CPA and had not been since 1987. **MCFADDEN** admitted that he represented to clients in seminars and correspondence that his company Diversified Financial Services located in Baton Rouge, Louisiana, also had other licensed CPAs. **MCFADDEN** further admitted that his clients relied upon this false representation when he told them they had enough money to retire under IRS Rule 72(t) and that he was purchasing variable annuities and that his clients believed these purchases were in their best interests.

According to the plea agreement, **MCFADDEN** faces a minimum term of imprisonment of 18 months and a maximum term of 24 months, a fine of up to \$250,000, restitution to be determined by Judge Barbier, and three years supervised release. Sentencing is set for August 19, 2009 at 1:30 p.m. before Judge Barbier.

This case was investigated by the U. S. Department of Labor, Employee Benefits Security Administration, Office of Inspector General, and the Federal Bureau of Investigations and was prosecuted by Assistant United States Attorney Dorothy Manning Taylor.

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