

# MARTINEZ NEWS-GAZETTE

## Carpoffs enter guilty pleas, sentencing scheduled for May

By Rick Jones

Martinez News-Gazette Editor

The owners of DC Solar pleaded guilty Friday morning in a Sacramento federal court.

Jeff and Paulette Carpoff were charged with masterminding a billion-dollar Ponzi scheme involving mobile solar generators.

According to court documents and the plea agreement Jeff Carpoff, 49, pleaded guilty to conspiracy to commit wire fraud and money laundering, faces up to 30 years in prison. Paulette Carpoff, 46, pleaded guilty to conspiracy to commit an offense against the United States and money laundering and faces up to 15 years in prison.

The couple agreed to pay restitution of between \$800 million and \$1.6 billion.

Malcolm Segal, an attorney for Mr. Carpoff, told the Wall Street Journal, DC Solar was started as a legitimate business, “but as it grew, it overwhelmed Mr. Carpoff.”

“Because of that he began committing acts he knew were wrong and illegal,” Mr. Segal told the Journal. “But he tried to salvage the business and failed.”

Mr. Carpoff is forfeiting personal and business property to pay back investors, Mr. Segal said.

Bill Portanova, an attorney for Ms. Carpoff, told the Journal she “recognizes what she has done wrong over these past several years and she will be working for many years trying to make things right.”

As previously reported federal agents seized over \$60 million in personal property and liquid assets when they raided the DC Solar offices and the Carpoff’s Martinez home in December 2018. A safe in Jeff Carpoff’s office at the Benicia headquarters contained \$1.7 million.

Accord to the plea agreements, the couple will forfeit the millions seized by federal agents, as well as their interests in a Napa Valley winery, a cafe and various businesses, vehicles and villa at the Four Seasons Resort on St. Kitts in the Caribbean, court papers say.



Various vehicles were auctioned off late last year and generated \$8.2 million in revenues.

The Securities and Exchange Commission also sued the Carpoffs in a civil complaint filed in Sacramento. The SEC said the couple, whose business is in bankruptcy, siphoned off at least \$140 million of investor funds to pay for their personal expenses, which included the sports cars, dozens of properties, and a share in a private jet service.

The investors were eligible for a 30% tax credit, which roughly covered the amount of cash they initially placed with DC Solar, the SEC said. The investors generally assumed an obligation to contribute millions more to the business through promissory notes, the SEC’s lawsuit says.

The value of the promissory notes was roughly \$1.8 billion, the SEC said, meaning the face value of total investor commitments to DC Solar was over \$2.7 billion.

The SEC’s lawsuit alleges the couple committed securities fraud and seeks disgorgement of illegal profits and payment of

civil penalties.

The Carpoffs are scheduled to be sentenced May 19.

### Department of Justice press release

***Top Executives Plead Guilty to Participating in a Billion Dollar Ponzi Scheme—the Biggest Criminal Fraud Scheme in the History of the Eastern District of California***

SACRAMENTO, Calif. — The owners of DC Solar, a Benicia-based company, pleaded guilty today to charges related to a billion dollar Ponzi scheme—the biggest criminal fraud scheme in the history of the Eastern District of California. The government’s investigation has resulted in the largest criminal forfeiture in the history of the District with over \$120 million in assets forfeited that will go to victims, and has returned \$500 million to the United States Treasury, with more to come, U.S. Attorney McGregor W. Scott announced.

Jeff Carpoff, 49, of Martinez, pleaded guilty today to conspiracy to commit wire fraud and money laundering. His wife,

# Martinez Police Department Blotter December 1 - 15, 2019

On December 1st at 6:25 am, the La Primavera food truck door was opened and food items were taken overnight while parked at 1311 Pine Street. The security cameras were covered with bags to block their view. Officer Weems, case# 19-3206.

At 8:30 am, officers were dispatched to Starbucks Main St. for a trespasser inside the business. The woman, a Martinez transient, had locked herself in the bathroom. She has previously trespassed on the property. Officers gained entry and placed her under arrest for trespassing and booked her into MDF. Officer Weems, case# 19-3207.

A white Dodge 2500 PK CA/00998N1 was taken from the parking lot of 921 Howe Rd. sometime between 11/29/19 and 12/1/19. Officer Wah, case# 19-3209.

At 11:56 am, officers responded to Starbucks Main St. for a theft of food items. The suspect, a male transient, was nearby and identified as the suspect by staff. He was arrested and booked into MDF for petty theft (484 PC) and a probation violation. Officer Wah, case# 19-3210.

At 1:27 pm, Shell security called to report a suspicious person attempting to enter the property through the security gate at the S-turn. He claimed to be from the "Agricultural Department" but could not provide any credentials and was denied access. He left on foot towards downtown. Officers were unable to locate the suspect during an area check. Corporal Mayberry, case# 19-3212.

At 3:24 pm, Officer Lucido responded to the church at 68 Morello Avenue for a window that was smashed overnight. A laptop computer and several wireless microphones were taken. Case# 19-3213.

At 4:08 pm, Officer Wah stopped a man and arrested him for driving on a suspended license (14601.2(A) CVC). Cite released. Officer Wah, case# 19-3214.

At 6:32 pm, officers were dis-

patched to a welfare check in the 1100 block of Henrietta Street. Officers arrived and made entry in to the apartment where they located a 27- year-old man deceased. No signs of foul play were present. Case# 19-3215 by Officer Lucido.

At 7:39 pm, officers were dispatched to the Safeway located at 3334 Alhambra Ave. to investigate an older male inside the store exposing himself. FTO Espinoza and Officer Green made contact with the man who was found to be intoxicated. He was on probation with a consume no alcohol clause. He was arrested for PC 647(f) (drunk in public) and PC 1203.2 (violation of probation). He was booked into County Jail. Case# 19-3216.

At 9:28 pm, FTO Espinoza and Officer Green made contact with a female sleeping in front of 728 Main Street. The female was found to have three (3) warrants for her arrest out of Solano County. She was booked into MDF. Case# 19-3217.

On December 2nd at 1:15 pm, Officer Molina took a vandalism report at the amphitheater, where an unknown person broke the bathroom door handles/locks. Case# 19-3219.

At 3:25 pm, Sergeant Busciglio was flagged down by a male and female in the 500 block of Ferry Street. Both stated a that a dark colored truck drove by them and a passenger in the truck shot them with blow darts. A description of the truck was provided. The investigation is continuing. Case# 19-3222.

On December 3rd at 1:47 am, Officer Parsons conducted a traffic stop at Morello Avenue and Arnold Drive. The female driver was arrested for warrants. Case# 19-3224.

At 8:20 am, Officer Molina responded to the Legacy Nursing home for a deceased female. There were no signs of foul play. Case# 19-3226.

At 10:43 am, Sergeant Busciglio responded to a residence in the 2400 block of Monterey Av-

enue, in the Contra Costa Sheriff's jurisdiction, to conduct follow-up on a missing person report. Entry was made into the location with the assistance of the sheriff's department, and two dead bodies were located. The investigation was turned over to the sheriff's department.

At 12:25 pm, Officer Molina received an LPR stolen vehicle alert. He located the vehicle traveling eastbound on HWY 4. A high risk traffic stop was conducted near the 242 interchange. The male driver was arrested without incident. Case# 19-3229.

At 6:02 pm, Officer Murray responded to a residential burglary in progress in the 4300 block of Alhambra Way. The victim confronted the male suspect and the male fled. The male suspect was located and arrested in the 4200 block of Alhambra Way. Case# 19-3232.

On December 4th at 4:49 am, Officer Parsons arrested a female in the 4100 block of Alhambra Avenue for a warrant. Case# 19-3236.

At 8:15 am, Officer Molina took a theft report of a catalytic converter from a truck at a business in the 800 block of Arnold Drive. Case# 19-3239.

At 9:41 pm, Officer Parsons took an auto burglary report from a resident in the 100 block of Thistle Way. Entry into the vehicle was made by smashing the window, and the victim's purse was taken. Case# 19-3245.

On December 5th at 8:44 am, Officer Miller responded to Whiskey Lane for an altercation. The male suspect threw a drink on the bartender and then spit on officers when they arrived. He was booked into MDF for battery, drunk in public and violating probation. Case# 19-3246.

At 10:20 pm, Officer Murray arrested a male in the 700 block of Escobar Street for public intoxication. Case# 19-3253.

On December 6th at 6:45 am, Officer Wah took a stolen vehicle report from the 400 block of Orchard View Avenue. The 2007

GMC Yukon was stolen sometime overnight. Case# 19-3256.

At 11:30 am, Officer Wah responded to the 800 block of Arnold Drive. A catalytic converter was stolen between 6:00 pm last night and 11:00 am.

At 1:00 pm, Officer Wah responded to the 2100 block of Rangview Place. A 2019 Subaru WRX was stolen between 7:00 pm last night and 1:00 pm. Case# 19-3261.

At 1:00 pm, in the 2700 block of Waterfront Rd., Sergeant Gaul located an unoccupied stolen 2001 Dodge pick-up truck. The vehicle was reported stolen to our agency on December 1, 2019. Case# 19-3209.

At 3:30 pm, officers responded to Safeway, 3334 Alhambra Avenue, for a theft which just occurred. The suspect was identified as a 31-year-old man from Martinez. He was observed placing bottles down his pants and exiting the store. Officer Weems located him on Shell Ave. and Estudillo Street. After a short foot chase the man was arrested without incident. He was booked into MDF for public intoxication, theft and violating probation. Case# 19-3263.

On December 7th at 4:25 am, Officer Angoco made contact with a subject in the parking structure for 40 Douglas Drive. The subject from Sacramento advised he had been told by a friend that there was a hill he (being homeless) was able to live on. He submitted to a search which revealed a small amount of a controlled substance and a glass smoking device. The man was cited and released on scene.

At 10:30 am, a Walmart big rig collided with the fire hydrant near the intersection of Westaire Blvd. and Orchard View Avenue. The Corp. Yard responded to turn off the water to the hydrant. The driver was identified as a 40-year-old man from Nevada. He was arrested for driving his rig in a restricted area. Cite released. Officer Wah. Case# 19-3267.

At 1:45 pm, Officer Wah con-

tacted a 67-year-old man from Martinez in the 1100 block of Arnold Drive. The man was arrested for a \$50,000.00 misdemeanor warrant for arson and booked into MDF. Case# 19-1063.

At 9:33 pm, Officers Green and Lucido were dispatched to Carqinez Scenic Dr. for a subject heard screaming and hitting things. They arrived and made contact with the man. He advised he had been kicked out of a person's apartment and he needed his keys to leave in his car. The resident was not cooperative. Advice was given. Officers were called back for the man kicking the door of the apartment. A cousin was to respond from Antioch with the man's cell and to take him away for the night. Officers were called back a third time where the man was arrested for unreasonable noise (PC 415) and booked into MDF. Case# 19-3269

On December 8th at 2:23 am, Officers Green and Montano were dispatched to Center Ave. / Fuschia Court to investigate a report of a strong armed robbery attempt. The victim stated someone attempted to rob him of his property. Upon arrival, officers discovered no attempted robbery had occurred. Officer Green found that the man was intoxicated. He was arrested for PC 647(f) public intoxication. He was booked in to MDF. Case# 19-3270

At 8:30 am, officers responded to Walnut St. for a fight. One of the people involved was a 23-year-old man from Martinez. He was arrested for battery. He was also arrested for possession of a drug and a \$20,000.00 felony warrant for burglary. A 24-year-old man from Martinez, was also contacted. He was arrested for a \$5,000.00 misdemeanor

warrant for resisting arrest and hit & run. The men were booked into MDF. Officer Weems, case# 19-3271.

At 9:15 am, officers responded to the 400 block of Richardson Street for a threats complaint. Officers contacted a 51-year-old woman from Martinez. She was arrested for a \$10,000.00

misdemeanor warrant for drug possession and drug intoxication. She was booked into MDF. Corporal Mayberry, case# 19-3272.

At 12:45 pm, Officer Wah stopped a vehicle on Center Ave. at Fuschia Court. He contacted a 44-year-old from Concord. The man was arrested for possession of meth and drug paraphernalia. Cite released. Case# 19-3273.

At 1:30 pm, officers were dispatched to 7-11, 4141 Alhambra Ave, for a subject who was possibly intoxicated. Officers contacted a 31-year-old man from Martinez. The man was arrested for 4 misdemeanor warrants. No bail for burglary, no bail for drug possession and paraphernalia, no bail for DUI and drug intoxication and no bail for drug possession. He was booked into MDF. Case# 19-3274.

At 2:30 pm, Officer Buda responded to the 900 block of Veterans Court for an auto burglary. It occurred at 1:30 pm via a window smash. The loss was tools and misc. personal property. Case# 19-3275.

At 9:40 pm, Officer Green was dispatched to the 1800 block of Arnold Dr. to investigate a missing person. Officer Green learned she had not returned from going to church. Report 19-3276 was taken. The woman was located by Walnut Creek Police.

On December 9th at 1:08 am, Officer Green was on foot patrol in the 700 block of Ferry Street. He made contact with an intoxicated man. The man was found to be too intoxicated to care for himself. He was arrested for Drunk in Public and booked in to MDF. Case# 19-3277

At 9:36 am, Officer Molina responded to Starbuck's on Main Street and arrested a female for theft, trespassing and violating probation. Case# 19-3281.

At 3:23 pm, Officer Ramos arrested a male in the 700 block of Arnold Drive for a warrant and possession of a controlled substance. Case# 19-3285.

At 9:21 pm, Officer Murray responded to a solo vehicle collision on Carqinez Scenic Avenue and Foster Street. The male driver

was arrested for driving under the influence of a drug. Case# 19-3288.

On December 10th at 11:40 am, Officer Lucido arrested a male at Rankin Park for possession of a controlled substance. Case# 19-3292.

At 1:24 pm, Officer Molina responded to a physical altercation at an apartment complex in the 1100 block of Ferry Street. The male suspect fled prior to police arrival. Case# 19-3294.

At 2:23 pm, Officer Molina contacted a male on Ward Street at Alhambra Avenue. The male was arrested for possession of a controlled substance. Case# 19-3295.

At 7:15 pm, Officer Angoco initiated an enforcement traffic stop on Morello Avenue at Midhill Road. The male driver was arrested for a warrant and driving on a suspended license. Case# 19-3299.

At 9:39 pm, Officer Ramos contacted a male at Walmart who was creating a disturbance. The male was arrested for public intoxication. Case# 19-3300.

On December 11th at 9:20 am, Officer Molina took a report of a stolen backpack from an open garage in the 4800 block of Tahoe Circle. Case# 19-3301.

At 10:59 pm, Officer Angoco arrested a male at 7 Flags Car Wash for possession of a controlled substance and probation violation. Case# 19-3308.

At 7:15 am, Officer Buda took a vehicle burglary report at the John Muir Inn. Camera equipment was taken. Case# 19-3309.

On December 12th at 9:05 am, Officer Wah took an identity theft report where the victim's business and personal accounts were compromise. Case# 19-3312.

At 8:50 am, Officer Buda took a vehicle burglary report from a resident in the 800 block of Center Avenue. Energy drinks and a cell phone were taken. Case# 19-3317.

At 3:21 pm, officers responded to the 600 block of Main Street on a report of the mayor being accosted by a male subject. As officers were responding, a

passerby intervened. Officers arrived and located the male subject and the citizen on the ground in a struggle. Officers attempted to take the male subject into custody, however he began fighting with the officers. During the struggle, a sergeant was bitten. The male subject was taken into custody and later booked into MDF. Case# 19-3318.

At 7:46 pm, Officer Green took a vehicle burglary report from a resident in the 600 block of Center Avenue. An iPod was taken from the vehicle. Case# 19-3320.

On December 14th at 6:31 am, Officer Weems responded to the 3800 block of Vista Oaks Drive for a theft from an unlocked vehicle. The loss is a wallet, clothing, and misc. personal property. It occurred between 6:30 pm and 6:30 am. The credit cards were used several times in Martinez. Case# 19-3327.

At 8:43 pm, Officer Green was dispatched to Rite Aid, 1165 Arnold Dr., to investigate a petty theft. A heavy set male left the store with a cooler possibly filled with other items. Case# 19-3328.

On December 15th at 6:45 am, officers were dispatched to the area of Green Street and Alhambra Avenue for the report of a subject going house to house attempting to gain entry through the front door. Officers contacted the 48-year-old man from Martinez. He was arrested for drug intoxication and booked into MDF. Officer Weems, case# 19-3331.

At 8:21 am, Officer Wah responded to NorCal Courts, 360 Ferry St., for a burglary. The door was forced open and items, and possibly money, was stolen from vending machines. It occurred between 10:00 pm last night and 8:00 in the morning. Case# 19-3332.

At 10:20 am, officers were dispatched to the 1000 block of Berrellesa St. for the report of a subject trying to open car doors. Officers contacted a 35-year-old man from Antioch. The man was arrested for possession of drug paraphernalia and violating probation.

Paulette Carpoﬀ, 46, pleaded guilty today to conspiracy to commit an oﬀense against the United States and money laundering. According to court documents, between 2011 and 2018, DC Solar manufactured mobile solar generator units (MSG), solar generators that were mounted on trailers that were promoted as able to provide emergency power to cellphone towers and lighting at sporting events. A signiﬁcant incentive for investors were generous federal tax credits due to the solar nature of the MSGs.

The conspirators pulled oﬀ their scheme by selling solar generators that did not exist to investors, making it appear that solar generators existed in locations that they did not, creating false ﬁnancial statements, and obtaining false lease contracts, among other eﬀorts to conceal the fraud. In reality, at least half of the approximately 17,000 solar generators claimed to have been manufactured by DC Solar did not exist.

U.S. Attorney Scott stated: “This billion dollar Ponzi scheme hurt investors and took money from the United States Treasury. This case represents not only the largest criminal fraud scheme in the history of the District, it also represents the largest criminal forfeiture in the history of the District with over \$120 million in assets forfeited. All of this money will be returned to the victims. This scheme also targeted the United States Treasury, and we have returned \$500 million to the Treasury to date. Agents, investigators and attorneys from various federal agencies are still working to continue to return money to victims and the United States Treasury. Today’s guilty pleas sends a strong message that fraudsters will get caught and will pay for their crimes. You can run, but you cannot hide.”

The forfeiture included seizing and auctioning 148 of the Carpoﬀs’ luxury and collector

vehicles, including the 1978 Firebird previously owned by actor Burt Reynolds. This historical auction resulted in recouping approximately \$8.233 million for victims. In addition to their collection of luxury and collector vehicles, Jeff and Paulette Carpoﬀ used money from the scheme to pay for a minor-league professional baseball team and a NASCAR race-car sponsorship; to purchase luxury real estate in California, Nevada, the Caribbean, Mexico, and elsewhere; a subscription private jet service; a suite at a professional football stadium; and jewelry.

“The Carpoﬀs and their co-conspirators wove a web of lies and deceit in a massive fraud scheme. Meticulous review and analysis of millions of documents revealed the operation and true intention of the scheme,” said Special Agent in Charge Sean Ragan. “The FBI is committed to our partnerships with the Internal Revenue Service Criminal Investigation, Federal Deposit Insurance Corporation Office of Inspector General, and U.S. Marshals Service. Together, we seek to uncover fraud that exploits investors and taxpayers, ensuring criminals face justice.”

“By all outer appearances this was a legitimate and successful company,” said Kareem Carter, Special Agent in Charge IRS Criminal Investigation. “But in reality it was all just smoke and mirrors — a Ponzi scheme touting tax benefits to the tune of over \$900 million. IRS CI is committed to investigating those who take advantage and impact



the financial well-being of others for their own personal gain.”

“The Federal Deposit Insurance Corporation, Office of Inspector General (FDIC-OIG) is pleased to join our law enforcement colleagues in announcing these guilty pleas,” stated Special Agent in Charge Wade Walters for the FDIC OIG San Francisco Regional Office. “The defendants conspired with others to create a fraudulent business venture that duped unsuspecting entities, including banks, to invest approximately \$1 billion, which the two later used to support a lavish lifestyle. They also knowingly engaged in a money laundering transaction involving criminally derived property. The FDIC-OIG is committed to ensuring that those who use our Nation’s banks to undermine the integrity of the financial system will be held accountable.”

Four defendants have previously pleaded guilty to federal criminal charges related to the fraud scheme since October. Joseph W. Bayliss, 44, of Martinez, and Ronald J. Roach, of Walnut Creek, each pleaded guilty to related charges on Oct. 22, 2019. Robert A. Karmann,

53, of Clayton, pleaded guilty to related charges on Dec. 17, 2019. Ryan Guidry, 53, of Pleasant Hill, pleaded guilty to related charges on Jan. 14, 2020. A seventh co-conspirator is scheduled to plead guilty on Feb. 11. The investigation into the fraud remains ongoing.

This case is the product of an investigation by the Federal Bureau of Investigation, IRS-Criminal Investigation, and the Federal Deposit Insurance Corporation Office of Inspector General. Assistant U.S. Attorneys André M. Espinosa and Kevin C. Khasigian are prosecuting the case.

Jeff and Paulette Carpoﬀ are scheduled to be sentenced by U.S. District Judge John A. Mendez on May 19. Jeff Carpoﬀ faces a maximum statutory penalty of 30 years in prison. Paulette Carpoﬀ faces a maximum statutory penalty of 15 years in prison. The actual sentences, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

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