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Dana Giacchetto Gets 57 Months in Federal Prison

*** Courts: The former money manager will probably serve only three years for taking nearly \$10 million from clients.**

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By JAMES BATES, TIMES STAFF WRITER

Former money manager to the stars Dana C. Giacchetto, who charmed Hollywood power brokers and celebrities such as Leonardo DiCaprio into believing he was a hip, savvy investment guru, was sentenced late Wednesday in New York to 57 months in federal prison for looting nearly \$10 million from client accounts.

Giacchetto's sentencing by U.S. District Judge Robert Patterson marks the final chapter in a career in which he ingratiated himself into the lives of top entertainment figures, including Ben Affleck, Matt Damon and Cameron Diaz, and talent manager Michael Ovitz as well as top artists that included Ross Bleckner and George Condo.

Giacchetto is likely to serve no more than three years in a minimum-security federal prison. He revealed during the hearing that he agreed to enter a treatment program for alcohol and prescription drugs, which could shave a year off his sentence, and he will receive credit for jail time served since April. He can remove an additional 15% of his time off his sentence under federal rules, said his lawyer, Ronald P. Fischetti.

Fischetti said that he is disappointed that Patterson's sentence was at the top of the 46-month-to-57-month range agreed to under a plea bargain with prosecutors, but that "Dana is extremely pleased that there is closure and that it's over."

Patterson's sentence followed a tearful apology from Giacchetto in which he acknowledged that he has no credibility. In the audience was Giacchetto's fiancée and his parents.

The sentence also followed an angry speech from victim Sherry Vigdor, who said Giacchetto stole \$292,000 from her inheritance, and arguments from Assistant U.S. Atty. David Raymond Lewis, who argued that Giacchetto violated the trust of clients.

All told, government prosecutors said "outright theft" by Giacchetto now totals \$9.87 million used to fuel a lavish lifestyle that included \$120,000 in hotel bills, among that \$80,000 during a trip to Los Angeles for 10 suites at the Chateau Marmont in West Hollywood. Giacchetto also allegedly spent \$100,000 on airline tickets, \$55,000 in restaurant tabs and \$8,000 in helicopter flights, prosecutors said.

Of the \$9.87 million stolen, \$4.5 million belonged to the rock group Phish. Under his sentence, Giacchetto must pay victims back in restitution.

Federal prosecutors allege, however, that the 38-year-old SoHo money manager actually misappropriated untold millions more by improperly taking the money from accounts and replacing it later with money belonging to other clients.

Despite the large number of celebrity names, prosecutors say nearly all of the big-name clients got out early with their accounts intact because Giacchetto didn't want to anger them and because they often had sophisticated financial advisors who spotted trouble early.

Prosecutors say investors such as Vigdor have had their losses blunted by \$4.89 million payments from two financial institutions, Citizens Bank and Brown & Co. Those institutions risked lawsuits for allegedly being lax in monitoring Giacchetto's actions in what authorities alleged was an elaborate check-kiting scheme. Vigdor, for example, has received \$260,000 from the institutions.

Prosecutors alleged that Giacchetto's scheme involved improperly tapping into the accounts of clients of his Cassandra Group and ordering checks from Brown & Co. made out to him. He was able to cash them at U.S. Trust--since purchased by Citizens Bank--even though some were made out to such well-known celebrities as Damon, Ben Stiller and Phish.

Investors had alleged those companies failed to have routine procedures in place that could have prevented

Giacchetto from improperly taking money from their accounts and cashing checks in their names.

Representatives from neither institution returned calls seeking comment.

Giacchetto's scheme collapsed in April, when he was arrested and charged. One week later he jumped bail and was arrested at Newark International Airport in New Jersey with \$4,000 in cash, a doctored passport and scores of first-class airline tickets.

In August, Giacchetto pleaded guilty to one count of investment fraud, tearfully telling the court that he started his operation to empower artists financially, but that it grew too large and out of control. Ironically, his selling point was a reputation as a conservative investor.

Descriptors: GIACCHETTO, DANA; PLEA BARGAINS; SENTENCING; FRAUD; CELEBRITIES

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