



NEWS RELEASE

Office of the United States Attorney
Eastern District of Texas

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FRISCO MAN CONVICTED IN COMPUTER SOFTWARE SCHEME

(Sherman, Texas) A 46-year-old Frisco man has been found guilty of 31 counts of wire fraud, bank fraud and money laundering in a scheme that costs investors about \$12.5 million. **DONALD TARNAWA** was convicted by a jury in Sherman last week following a seven day trial.

According to information presented in court, Tarnawa claimed to have invented a revolutionary new software program that could compress huge amounts of data and transmit the compressed data over standard telephone lines. Tarnawa claimed that this program was at least 100 times more powerful than the state of the art programs currently available. One application of the data compression software was to compress digital, DVD quality movies and send them across standard telephone lines. A consumer could decide which movie they wanted to view, call a centralized computer server, and begin receiving the DVD quality movie on their home television through a standard 56k modem. Such an invention would virtually eliminate the entire video rental industry, as well as provide thousands of other applications of the software.

In three separate transactions, Tarnawa sold or licensed the software to three different investment groups. Tarnawa received about \$12.5 million dollars from the

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investors, and never delivered the product to any of the groups. Tarnawa paid cash for a \$2.5 million house in Frisco, purchased over 100 luxury sports cars and spent millions of dollars at a local jewelry store. In order to evade law enforcement, Tarnawa used numerous identities and shell corporations and moved across the country from Florida, to Ohio, to California, to Texas and then to Colorado where he was arrested on September 25, 2003. On September 10, 2003, Tarnawa was indicted by a federal grand jury on 31 counts of wire fraud, bank fraud and money laundering. A jury deliberated for three hours on August 18, 2004, before finding him guilty on all counts.

Matthew D, Orwig, United States Attorney for the Eastern District of Texas said, "This was a complicated fraud scheme involving fake names, shell corporations and sophisticated computer demonstrations. But in the end, it was just telling lies and stealing money. Through a comprehensive financial investigation, the IRS was able to track the defendant down and bring him to justice."

United States District Judge Paul Brown will sentence Tarnawa on December 21, 2004. Tarnawa remains in custody and faces up to life in prison and a fine of up to \$1 million.

The case was investigated by the Internal Revenue Service-CID and prosecuted by Assistant United States Attorneys Arnold Spencer and Andrew Stover.

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