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Former Tadano Counsel Gets 40 Years For Embezzling \$9M

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Law360, Houston (May 06, 2014, 3:53 PM ET) -- A former general counsel for Japanese crane manufacturer Tadano America Corp. was slammed with a 40-year prison sentence in Texas court on Monday after confessing that he stole more than \$9 million from his former employer to help finance his rare comic book collection. Anthony Chiofalo, 52, pled guilty in Texas District Court in Harris County to embezzling millions from Houston-based Tadano using an elaborate fraudulent billing scheme and spending the cash on high-end sports memorabilia and comic books. Following his plea, Chiofalo was immediately sentenced by visiting Judge James Anderson, who dropped the hammer on the lawyer.

Chiofalo's attorney Letitia D. Quinones said Tuesday that her client had “mixed reactions” to the sentence.

“Forty years is a long sentence and Mr. Chiofalo thought long and hard prior to accepting the plea bargain agreement,” Quinones said. “His decision was one that was predicated on the protection of his family and to accept responsibility for his actions.”

Quinones added that Chiofalo ultimately decided to plead guilty to spare his family “gruesome interrogations and inquiries” into their lives that a trial would have necessitated and that he hopes to make parole when he becomes eligible in about eight years.

Philip Hilder, who represents Tadano, said his client was satisfied with the sentence.

“It was an appropriate disposition that Mr. Chiofalo got 40 years,” he said. “He breached the trust of the company and stole a considerable amount of money.”

Hilder said that Tadano has recovered about \$5 million in cash and assets from Chiofalo and is “ready to move on.” The company is still awaiting resolution of federal charges against a former investigator for the Harris County district attorney's office who allegedly stole and attempted to sell several of the comic books following Chiofalo's arrest, according to Hilder.

Prosecutors say Chiofalo began working for Tadano in 2009, overseeing contracts with outside firms for legal services. Although Chiofalo holds a New York law license, he was suspended in October 2010 — a fact Tadano says he never disclosed.

Chiofalo allegedly approved \$9.3 million in fake invoices for legal services from Maio & Cardenas LLC, a

nonexistent law firm he created, while serving as Tadano's head of legal affairs and human resources. According to court records, the address Chiofalo registered for the fake firm with the secretary of state was actually that of a retail store, and the invoices sent to Tadano listed Chiofalo's home address.

The attorney then caused the company to issue a series of checks to his fictitious firm between May 2011 and May 2012, according to state prosecutors. The money was deposited into an Amegy Bank account Chiofalo owned, authorities say. Chiofalo allegedly used the stolen money to fund a home renovation and the purchase of nearly \$2 million in sports and comic book memorabilia.

When Tadano grew suspicious of the exorbitant fees it was paying for legal services, it uncovered Chiofalo's fraud and fired him in mid-2012, court records say. Fraud examiners later confirmed that Chiofalo transferred \$1.8 million to Heritage Auctions from his Amegy account and purchased paintings, sculptures, sports memorabilia, comic books, photographs and other artwork.

In all, Chiofalo filled seven storage units with merchandise he purchased with his ill-gotten gains, which was seized by police and later turned over to Tadano as partial restitution, court records indicate.

Chiofalo's wife Susan was also charged in the scam. Noting that she shares her maiden name Cardenas with the fake law firm, prosecutors claim Susan Chiofalo had purchased a one-way ticket to New York as law enforcement was closing in.

The day before her flight, police executed a search warrant on the Chiofalos' home, where they say they found scattered about the house forged invoices from Maio & Cardenas, piles of unopened memorabilia addressed to the firm and financial documents implicating Susan Chiofalo.

Chiofalo and his wife were hit with felony charges of aggregate theft in June 2012. Although Susan Chiofalo was immediately arrested, her husband evaded police until [turning himself in](#) to Rhode Island authorities in January 2013. Prosecutors dismissed the charges against Susan Chiofalo in November citing insufficient evidence.

Chiofalo is represented by Letitia D. Quinones of Quinones & Associates PLLC.

The case is State of Texas v. Chiofalo, case number 135038801010, in the 339th Criminal District Court of Harris County, Texas.

--Editing by Andrew Park.

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