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Ex-Los Angeles Investment Banker Gets Extra Five Years for Tribal Bond Fraud.

NEW YORK — A former Los Angeles investment banker imprisoned for 11 years for a stock manipulation scheme was sentenced on Friday to an additional five years for misappropriating proceeds from a bond issue by a Native American tribe.

Jason Galanis, 47, was sentenced by U.S. District Judge Ronnie Abrams in Manhattan, who also ordered him to forfeit more than \$43 million.

“There simply aren’t enough words to fully express how profoundly sorry and remorseful I am,” Galanis, once dubbed “Porn’s New King,” said before the sentence was imposed. “I stand before you humiliated, utterly humiliated.”

Abrams said that while she was pleased to learn that Galanis had been teaching other inmates in prison, his conduct, which prosecutors say harmed both investors and the Oglala Sioux Nation in South Dakota, warranted a substantial punishment.

According to prosecutors, beginning in 2014, Galanis and his father, John, persuaded the Wakpamni Lake Community Corp, an affiliate of the Oglala Sioux Nation, to issue \$60 million in municipal bonds.

Together with his father and five associates, Galanis and his co-defendants then misappropriated bond proceeds, prosecutors said. They said he obtained \$8.5 million for himself to fund a lavish lifestyle.

The scheme left bond investors holding worthless securities, and the tribal corporation with no way to make interest payments due on the bonds, prosecutors said.

Galanis pleaded guilty to the scheme in January.

He had already pleaded guilty in July 2016 to a separate scheme to manipulate shares of the now defunct reinsurer Gerova Financial Group Ltd.

In February, U.S. District Judge Kevin Castel sentenced Galanis to 11 years and three months in prison for the Gerova scheme, also ordering him to forfeit \$38 million, a mansion in Bel Air, California, and a \$7 million apartment in New York.

Galanis was dubbed “Porn’s New King” by Forbes magazine in 2004 after buying the nation’s largest processor of credit card payments for internet pornography.

Three years later, the SEC fined him \$60,000 after alleging he prepared false accounting information for Penthouse International Inc, in which he held a large stake.

By REUTERS

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(Reporting By Brendan Pierson in New York; Editing by Andrew Hay)

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