

OFFICE OF THE  
**DISTRICT ATTORNEY**  
COUNTY OF SANTA BARBARA  
**JOYCE E. DUDLEY**  
District Attorney



DA 09-258

RELEASE NUMBER

September 10, 2014

RELEASE DATE

APPROVED BY *Joyce E. Dudley*  
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Brian Cota, Senior Deputy District Attorney

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\*\*\*\*\* PRESS RELEASE \*\*\*\*\*

September 10, 2014

**FORMER MONTECITO BUSINESSMAN PLEADS GUILTY TO ENGAGING IN A  
FRAUDULENT SECURITIES SCHEME, TO BE SENTENCED TO 10 YEARS STATE PRISON**

Santa Barbara County District Attorney Joyce E. Dudley announced today that on September 9, 2014, David Prenatt pled guilty to 7 felony counts of engaging in a fraudulent securities scheme, a violation of California Corporations Code section 25541. Mr. Prenatt also admitted a special allegation that the crimes were related felonies, a material element of which is fraud, which involved a pattern of conduct that involved the taking of over \$500,000.

According to District Attorney Dudley, "The successful prosecution of these charges was a direct result of the thorough investigation completed by D.A. Investigator Jennifer Glimp, D.D.A. Casey Nelson, and Senior D.D.A. Brian Cota. As a result of their excellent work, Mr. Prenatt will be sentenced to an additional 10 years state prison."

The sentencing in this matter will occur on September 25, 2014, in Department 11 of the Santa Barbara Superior Court. Mr. Prenatt is currently serving a 51-month federal prison sentence after pleading guilty to providing false information on a personal financial statement to a federally insured bank. Mr. Prenatt began serving his federal sentence on December 9, 2013. Mr. Prenatt's 10-year sentence in this case will not begin until he finishes his federal sentence, at which time he will be transported from federal prison to the California state prison system.

From 2006 to 2009 Mr. Prenatt, who owned and operated David Prenatt Financial, located in Montecito, California, solicited friends and family to provide him large unsecured personal loans, telling them that he had a short-term lending business, in which he would use their money to provide bridge loans to other individuals at a high interest rate. Mr. Prenatt promised high rates of returns and indicated to them that there was no risk in their investments because he had the personal assets to cover their investment.

In 2009 Mr. Prenatt went into bankruptcy after defaulting on the unsecured personal loans, and, in 2012, after a comprehensive review of Mr. Prenatt's financial affairs from 2004 to 2009, a Chapter 11 Trustee's report concluded that Mr. Prenatt did not use the investors' monies to provide short-term loans as he had represented. Instead, Mr. Prenatt used the money primarily to support an extravagant lifestyle and to pay returns to early investors. It was only by soliciting new investors that Mr. Prenatt was able to make interest and principal repayments to the early investors, and continue to support his extravagant lifestyle.

At the sentencing on September 25, Mr. Prenatt will also be ordered to pay restitution to his victims in an amount to be determined at that time.

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