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Callahan & Blaine Announces Jury Verdict Clearing Widow of Any Wrongdoing in \$114 Million Ponzi Scheme

According to Callahan & Blaine, a Fresno, California jury has completely exonerated the widow of John Otto of HL Leasing, Inc., who allegedly ran one of the largest Ponzi schemes in California, in a class action lawsuit verdict rendered on August 5, 2011

FRESNO, Calif.--(BUSINESS WIRE)--On Friday, August 5, 2011, a jury in Fresno, California returned a complete defense verdict for the widow of a Palm Desert man who allegedly ran one of the largest Ponzi schemes in California.

Marc P. Miles and Kristy A. Schlesinger of [Callahan & Blaine](#) in Santa Ana, California, defended Kathy Otto in a class action lawsuit arising out of an alleged Ponzi scheme being run by her late husband, John Otto, through his Fresno-based company, HL Leasing, Inc.

“I am thrilled with the result for my client”

HL Leasing was incorporated in 2001, and for more than nine years faithfully made monthly interest payments to its lenders and returned their principal as the notes matured. On April 25, 2009, HL Leasing failed to make its interest payment for the first time. Concerns of another Bernie Madoff situation immediately surfaced, according to Callahan & Blaine. Shortly thereafter on May 11, 2009, and amidst an FBI investigation, the owner of HL Leasing, John Otto, committed suicide.

Hundreds of California investors filed a class action lawsuit in Fresno Superior Court (*Vicken Massoyan v. HL Leasing, Inc, et al, Case No. 09 CECG 01839*) for fraud and breach of contract, claiming that HL Leasing was a Ponzi scheme with damages of \$114 million. In addition to the corporate defendant, widow Kathy Otto was named as an individual defendant.

After a four-week jury trial in Fresno, and two and half days of deliberation, the jury returned a complete defense verdict for Kathy Otto. The other defendants, who were not represented by Callahan & Blaine, did not fare as well. The president and chief financial officer of HL Leasing were each found liable for \$46.5 million and a directed verdict was entered against HL Leasing for \$114 million.

“I am thrilled with the result for my client,” said Miles. “Ms. Otto had been similarly deceived by her husband for years, and the jury understood that she had no involvement in HL Leasing. While there are truly no winners in this situation, it means the world to Ms. Otto to have her name cleared.”

About Callahan & Blaine

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