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For Immediate Release

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**NEW JERSEY MAN WHO SERVED AS EXPERT WITNESS IN
NUMEROUS CLASS ACTIONS PLEADS GUILTY TO PERJURY
FOR CONCEALING ARRANGEMENTS WITH LAW FIRMS**

PHILADELPHIA - Pursuant to his plea agreement, filed February 28, 2008 in United States District Court in Philadelphia, John B. Torkelsen, 62, of Princeton, New Jersey, pleaded guilty today to perjury, announced United States Attorney Pat Meehan. Torkelsen admitted that he lied to numerous federal judges across the country while testifying in securities class action cases. He is currently housed at a federal prison facility, awaiting sentencing. Perjury carries a penalty of up to five years in prison.

“Expert witness testimony is incredibly important to juries and judges because it helps explain complex circumstances,” said Meehan. “When such a witness lies on the stand, it not only corrupts a proceeding, it compromises the very meaning of ‘justice’.”

From at least August 1985 through 2003, Torkelsen operated two companies: Princeton Venture Research, Inc. and Equity Valuation Advisors, Inc. through which Torkelson served as an expert witness for plaintiffs in hundreds of class actions and shareholder derivative actions that were litigated in federal and state courts throughout the United States. Torkelsen was retained by several different law firms, including one with a principal office in New York. Torkelsen provided expert testimony for the plaintiffs on issues such as the damages allegedly suffered by the plaintiff class and the appropriate value of settlements reached in those cases.

The law firms that hired Torkelsen told the various courts that he was an independent expert. Therefore, the law firms that hired Torkelsen, including the New York law firm, were precluded by rules of professional responsibility and common law from paying him on a contingent basis, meaning they could not pay Torkelson based on the result obtained in a particular case. Nevertheless, the New York law firm and other firms secretly paid Torkelsen on a contingent basis and concealed the payment arrangement from the courts, the defendants, and the absent class members. To keep the payment arrangement secret, the New York law firm and other law firms would:

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- submit to courts requests for “reimbursement” of fees already paid to Torkelsen when, in fact, the fees had not been paid and would not be paid unless the court awarded fees to the law firms;
- cause Torkelsen to submit declarations in which he falsely stated under oath that he had been retained on a “non-contingent basis” when, in fact, he had been retained on a contingent basis;
- cause Torkelsen to write-off fees he had incurred in class actions in which the law firms did not obtain a successful result; and
- cause Torkelsen to submit inflated fee requests in other class actions, billing for work that Torkelsen did not actually perform, in order to allow Torkelsen to make up for fees he did not recover in unsuccessful class actions.

Torkelsen submitted more than \$60 million in bills to plaintiffs’ class action law firms between 1993 and 1996. More than \$7 million of those fees were written off or adjusted when the firms did not prevail. To make up for this, bills on other cases were fraudulently adjusted upward more than \$7 million. For the New York law firm alone, Torkelson submitted bills with fraudulent upward adjustments of more than \$4 million.

The perjury count, to which Torkelsen pleaded guilty, relates to a false declaration he submitted on August 3, 1999, in the action *Provenz, et al. v. Miller, et al.*, that was filed in United States District Court in San Jose, California. In the declaration, Torkelsen stated, under penalty of perjury, that he had generated fees in the case pursuant to a “non-contingent engagement by plaintiff’s counsel.” In fact, Torkelsen’s agreement with plaintiff’s counsel was that he was to be paid on a contingent basis.

Sentencing in this case is scheduled for August 5, 2008.

The U.S. Attorney’s Office for the Eastern District of Pennsylvania would like to thank Thomas P. O’Brien, U.S. Attorney for the Central District of California, for the cooperation and assistance received from him and members of his staff.

This case is the result of an investigation by the United States Postal Inspection Service and the Internal Revenue Service Criminal Investigation. It was prosecuted by Assistant United States Attorney Paul G. Shapiro and, from the U.S. Attorney’s Office in the Central District of California, Assistant United States Attorney Douglas A. Axel.

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