

Southern District of Florida

Press Release

ONE MASTERVEND MARKETING, INC., DEFENDANT PLEADS GUILTY TO BUSINESS OPPORTUNITY SCHEME

January 31, 2007

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Henry Gutierrez, Inspector in Charge, Miami Division, United States Postal Inspection Service, announced that defendant **Samuel Elmowitz** entered a plea of guilty today in Miami Federal District Court to one count of an Indictment, charging conspiracy to commit wire fraud. A second defendant, **Allen Fialkoff**, was arrested on January 29, 2007 in connection with the same scheme.

Elmowitz worked for MasterVend Marketing, Inc. ("MasterVend"), a North Miami Beach based company that purportedly sold candy and "snack and soda" vending machine business opportunities to consumers across the United States.

MasterVend was in business from January 2004 until February 2005. According to the Indictment, potential purchasers were told that MasterVend was a profitable business opportunity when there was no basis for such a claim; that 80% of MasterVend business opportunity purchasers had ordered additional vending machines from MasterVend, when there were no repeat buyers; and that MasterVend would help secure high-traffic, profitable locations for its distributors to place their vending machines in the distributor's respective local areas, when MasterVend knew that buyers were not receiving high-traffic, profitable locations.

According to the Indictment, potential purchasers were also told that certain references had previously purchased one or more vending machines from MasterVend, when those references did not pay for their vending machines and did not operate their own MasterVend vending machines. The Indictment charged that Elmowitz was a paid reference for MasterVend.

According to the Indictment, it was the purpose of the conspiracy for Elmowitz and his co-conspirators to unlawfully enrich themselves by obtaining money from potential purchasers by making materially false representations concerning expected profits, the services provided to purchasers, and the authenticity of MasterVend references.

The MasterVend conspiracy victimized over 35 people and caused more than \$300,000 in victim losses.

MasterVend salesman, Allen Fialkoff, was charged in a separate Indictment for conduct related to MasterVend. That Indictment was unsealed on January 30, 2007, after Fialkoff was arrested on January 29, 2007. The Indictment charges Fialkoff with mail fraud, wire fraud, and conspiracy to commit mail fraud and wire fraud in connection with MasterVend.

The MasterVend prosecution is part of an ongoing crackdown on business opportunity fraud in South Florida that is being carried out by the United States Department of Justice, the United States Attorney's Office in Miami, the United States Postal Inspection Service, and the Federal Trade Commission.

Mr. Acosta commended the investigative efforts of the United States Postal Inspection Service. The case is being prosecuted by Jeffrey Steger, Trial Attorney, United States Department of Justice, Office of Consumer Litigation.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at

<http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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