



***United States Attorney
District of New Jersey***

FOR IMMEDIATE RELEASE

November 16, 2010

www.justice.gov/usao/nj

CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**FORMER INCHON EXECUTIVE CONVICTED OF \$4.2 MILLION
EQUIPMENT LEASING, FINANCING SCHEME**

Fraud Cost Lenders Over \$3 Million

NEWARK, N.J. – David Moro, former Chief Executive Officer of Inchon LLC, was convicted today by a federal jury in New Jersey for orchestrating a \$4.2 million broadcasting equipment lease and financing scheme that caused losses of more than \$3 million to major lenders, United States Attorney Paul J. Fishman announced.

The jury returned a guilty verdict against David A. Moro, 51, of Pomona, N.Y., following a seven-week trial before United States District Judge William H. Walls. Moro was convicted of 33 counts of a 34-count Indictment: One count of conspiracy to commit mail and wire fraud; six counts of mail fraud; five counts of wire fraud; three counts of bank fraud; 17 counts of money laundering; and one count of making false statements in a matter within the jurisdiction of the FBI and Internal Revenue Service. Moro was not convicted on a second count of making false statements.

According to documents filed in this case and the evidence at trial:

Inchon LLC was a business based in Englewood Cliffs, N.J., that ran the Russian Radio Network – a broadcasting company marketed to Russian speakers. From 2003 through 2005, Moro approached victim lenders, directly and through brokers, and induced the lenders to purchase a total of more than \$4.2 million in purported high-end broadcasting equipment as part of lease-financing agreements with Inchon.

Moro advised lenders that Inchon needed the broadcasting equipment in order to upgrade and expand its ethnic radio programming. As proof of his need for financing, Moro presented the lenders and brokers with fraudulent equipment invoices reflecting that Smart Function LLC, based in Parsippany, N.J., as well as other purported vendors, had provided Inchon with new high-end Digital Audio Servers, when in fact, Smart Function was acting as a front for Inchon, and was sending the vast majority of the money back to Inchon and Moro after receiving it from the lenders.

Although Moro convinced the lenders the servers contained state-of-the-art software valued at more than \$10,000 for each server, in reality the servers contained nothing other than software available for download free-of-charge from the Internet.

On at least one occasion, Moro caused fraudulent equipment invoices to be sent to

lenders and brokers which represented that the Digital Audio Servers had been provided, when in fact, this equipment did not exist. When a lender arranged for an inspection before funding the lease, Moro instructed a co-conspirator to place new serial numbers on old Digital Audio Servers so the inspector would think it was newly-purchased broadcasting equipment.

Moro also submitted phony financial documents to the lenders to convince them that Inchon was a highly profitable company, when in reality it was relying largely on the proceeds of the fraud to continue its operations. Moro had false tax returns prepared for Inchon and for an individual he portrayed as the 100 percent owner of Inchon. In reality, these tax returns were never filed with the IRS, and reflected income and profits for the business and the purported owner that neither ever received.

In Ponzi-scheme fashion, Moro used funds received from the financial institutions through the fraud to make payments on earlier leases. After all of the lease financing agreements were executed and funded by the lenders, Inchon was due to pay more than \$100,000 per month. Moro ceased making the required lease payments on behalf of Inchon, resulting in a loss to the lenders in excess of \$3 million.

The lenders included: CFC Investment, based in Cincinnati; Hewlett Packard Financial Services, based in Murray Hill, N.J.; Santa Barbara Bank and Trust, based in Santa Barbara, Calif.; Wells Fargo Equipment Finance, Inc., in Minneapolis, Minn.; Citi Capital, based in Moberly, Mo.; the CIT Group, based in Livingston, N.J.; American Express Business Finance Corporation, based in Houston; ACC Capital Corporation, based in Salt Lake City, Utah; Diamond Lease (USA), Inc., based in New York; Cathay Bank, based in Flushing, N.Y.; and Bank of the West, based in San Francisco.

The money laundering charges stem from the movement of funds from Smart Function and other entities to Inchon. Moro used the laundered funds to pay unrelated business expenses and personal expenses, including travel and gifts to family members.

The charges of conspiracy, mail fraud, wire fraud, and bank fraud of which Moro was convicted each carry a statutory maximum sentence of 30 years in prison and a \$1 million fine, as well as restitution to the victims of his offense. The money laundering charges each carry a maximum penalty of 10 years in prison and a fine of \$250,000, or twice the gross gain or loss from the offense. The false statements charge carries a maximum penalty of five years in prison and a fine of \$250,000.

Moro is scheduled to be sentenced by Judge Walls on March 15, 2011.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, and Special Agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for the investigation leading to today's verdict.

The government is represented by Assistant U.S. Attorneys Leslie Faye Schwartz and Jacob T. Elberg of the U.S. Attorney's Office Criminal Division in Newark.

10-328

###

Defense counsel:

Kevin Carlucci, Esq., Newark

Lorraine Gauli-Rufo, Esq., Newark