

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
401 Market Street, Fourth Floor  
Camden, New Jersey 08101

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***Christopher J. Christie, U.S. Attorney***

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***More Information?*** Contact the Assistant U.S. Attorney or other contact listed below to see if more information is available.

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FOR IMMEDIATE RELEASE  
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## New York Man Pleads Guilty in Stock Scheme That Swindled Millions of Dollars From Investors

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(More)

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CAMDEN – A Woodmere, N.Y., man pleaded guilty today to his role in an intricate stock fraud and money laundering scheme that cost public investors millions of dollars in losses, U.S. Attorney Christopher J. Christie announced.

Bernard Deutsch, 72, pleaded guilty before U.S. District Judge Jerome B. Simandle to a two-count Superseding Indictment that charges one count of conspiracy to commit securities and wire fraud and one count of conspiracy to commit money laundering. Judge Simandle scheduled sentencing for June 7.

At his plea hearing, Deutsch admitted his involvement in securities and wire frauds involving the stock of TeleServices Internet Group, Inc. (TSIG), a publicly traded company. Deutsch, who had been previously barred from the securities industry by the National Association of Securities Dealers (NASD), admitted receiving millions of shares of free-trading TSIG stock, via nominee companies and individuals, in exchange for capital raising and promotional activities. Deutsch also agreed to forfeit at least \$1,914,500, which represents proceeds derived from the scheme.

Deutsch and four co-conspirators originally were either arrested or surrendered voluntarily on a federal Indictment on Oct. 17, 2005.

Deutsch admitted that beginning in December 1996 and continuing through November 2001, he operated a scheme, along with his co-defendants and other unindicted cooperating co-conspirators and others, which used deceptive and manipulative practices in connection with the fraudulent issuance, purchase and re-sale of shares of stock of TSIG and Phoenix Information Systems, Inc. (Phoenix). The stock of those companies was publicly traded on the Over the Counter Electronic Bulletin Board System (OTC Bulletin Board).

In pleading guilty, Deutsch admitted that he participated in the conspiracy in which the conspirators secretly gained control of nearly 100 million free-trading shares of TSIG stock and sold those shares in the public marketplace to unsuspecting investors.

The Superseding Indictment and a prior news release, dated Oct. 17, 2005, can be found on the office web site at: [www.usdoj.gov/usao/nj](http://www.usdoj.gov/usao/nj) Additionally, a news release concerning the Feb. 6, 2007, guilty plea of an unindicted co-conspirator can be found on the office web site.

Count One, which charges conspiracy to commit securities and wire fraud, carries a statutory maximum penalty of 5 years in prison and a fine of \$250,000 or twice the aggregate loss to the victims or gain to the defendants. Count Two, which charges conspiracy to commit money laundering, carries a statutory maximum penalty of 20 years in prison and a fine of \$500,000 or twice the aggregate loss to the victims or gain to the defendants.

In determining an actual sentence, Judge Simandle will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into

account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Leslie G. Wiser, Jr. in Newark, the IRS Criminal Investigation Division, under the direction of Special Agent in Charge Patricia J. Haynes, and the National Association of Securities Dealers, Washington, D.C., with the investigation.

The government is represented by Assistant U.S. Attorneys R. Stephen Stigall and Deborah Prisinzano Mikkelsen of the Criminal Division in Camden.

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Defense Attorney: Lisa Evans Lewis, Esq. Camden