

NEWS

United States Department of Justice
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Two Figures in \$73 Million Investment Fraud Plead Guilty

(More)

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NEWARK – The former President and Chief Executive Officer and the former Chief Financial Officer of Wellesley Services, LLC, a now-defunct Bergen County company previously controlled by convicted con man Thomas Giacomaro, pleaded guilty today in connection with a \$73 million investment fraud to conspiring to commit mail fraud and to evade the payment of federal income taxes, U.S. Attorney Christopher J. Christie announced.

Keith Moody, 52, of Allendale, and Anthony Bianco, 54, of West Paterson, pleading guilty today before U.S. District Judge Dickinson R. Debevoise, who released the defendants on \$200,000 unsecured bond pending sentencing, which is scheduled for Jan. 22.

At the plea hearing, Moody and Bianco admitted that Giacomaro, a previously convicted felon from Bergen County, held de facto ownership and control over the Wellesley entities, and that the co-conspirators agreed that Moody, as Wellesley's President and C.E.O., and Bianco, as Wellesley's C.F.O., would be held out to the public as the companies' principals.

Moody and Bianco further admitted that they, Giacomaro and other co-conspirators marketed the Wellesley entities to numerous private investors, all the while concealing Giacomaro's role and criminal background. The co-conspirators then allegedly funneled the proceeds of the resulting investments – more than \$73 million in total – to themselves, through the payment of exorbitant "consulting fees," paid in addition to the co-conspirators' regular salaries, as well as the use of investor funds to pay private credit card bills and other personal expenses.

During the plea hearing, Moody also admitted, among other things, that on Sept. 25, 2001, he sent a letter to investors claiming that the "terrible tragedy at the World Trade Center, Pentagon and Shanksville, Pennsylvania" had caused delays in purported Wellesely deals and requesting that the investors extend the time when return on their investments would be due until Dec. 31, 2001. Moody admitted that when he sent that letter he knew it was false because the Wellesley entities were not able to repay investors at that time, and that he intended to take advantage of the terrible events of Sept. 11, 2001 to lull investors.

Bianco also admitted that he authorized the diversion of funds for the personal benefit of Giacomaro, Moody, Bianco and others and caused them to be falsely recorded on Wellesley's books and records as legitimate business expenses. Bianco admitted that they were recorded as "consulting" or "office expenses" and went unreported to the Internal Revenue Service as income to the co-conspirators.

Giacomaro pleaded guilty to his role in the scheme on June 6, 2003, and was sentenced on Feb. 13, 2004, to 14 years in federal prison and ordered to make \$69.29 million in restitution.

On June 21, 2005, a grand jury in Newark returned a 17-count indictment against Moody and Bianco charging them with conspiracy to commit mail and wire fraud, conspiracy to defraud the United States and tax evasion. The Indictment also charged Moody with mail fraud and Bianco with wire and bank fraud.

The conspiracy charge to which they pleaded guilty today carries a statutory maximum penalty

of five years in prison and a \$250,000 fine.

In determining an actual sentence, Judge Debevoise 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 Inspectors with the U.S. Postal Inspection Service in Newark, under the direction of Postal Inspector in Charge David L. Collins; Special Agents of the IRS Criminal Investigation section, under the direction of Special Agent in Charge William P. Offord; Special Agents of the FBI Newark Division, under the direction of Special Agent in Charge Weysan Dun; and the New Jersey Bureau of Securities, under the direction of Bureau Chief Vincent J. Oliva, with developing the case against Moody and Bianco and other co-conspirators.

The government is represented by Assistant U.S. Attorneys Michael F. Buchanan, Adam S. Lurie and Rachael Honig, of the U.S. Attorney's Office in Newark.

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Defense Attorneys:

Anthony Bianco - Michael A. Baldassare, Esq.

Keith Moody - David P. Schroth, Esq.