

Department of Justice

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FOR IMMEDIATE RELEASE
JULY 22, 2009
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MAN SENTENCED IN FRAUD SCHEME

BUFFALO, N.Y.– GREGORY FISHER, age 46, of North Tonawanda, New York, who was convicted of Wire Fraud, in violation of Title 18, United States Code, Section 1341, and Filing a False Tax Return, in violation of Title 26, United States Code, Section 7206(1), after the FBI and IRS agents uncovered his involvement in an elaborate scheme which allowed him to fraud automobile dealerships, banks, and even the IRS, out of over \$2 million – which he used to buy over 100 lbs. of gold and over a hundred thousand dollars worth of gift cards – was sentenced to concurrent terms of imprisonment of 36 months on each count, by the Honorable William M. Skretny, U.S. District Judge, Acting U.S. Attorney Kathleen M. Mehlretter of the Western District of New York announced today.

Assistant U.S. Attorney J.P. Kennedy, Criminal Chief and prosecutor on the case, stated that in the Fall of 2007, Special Agents from the Federal Bureau of Investigation (FBI) and the United States Attorney's Office received information from the Hamburg Police Department and the West Herr Ford Automobile dealership concerning a potential fraud perpetrated by the defendant Fisher. The United States Attorney's Office and the FBI commenced an investigation and learned that Fisher was the owner of two businesses – CPCS and Associates, LTD. (CPCS), a New York corporation, and CPCSNE, LTD. (CPCSNE), a New Hampshire corporation.

Through the investigation it was learned that in or about March 2007, Fisher approached a sales manager with the West Herr Automotive Group. Fisher informed the manager that his companies had been pre-approved by Ford Motor Credit and DaimlerChrysler Truck Financial to purchase and "upfit" several vehicles. Fisher asked the sales manager whether West Herr could handle the sales of the vehicles and the upfitting. The upfitting requested by Fisher involved accessorizing the vehicles with sophisticated and expensive generators and various other electronic and mechanical equipment allegedly used by his companies in

their business operations. Fisher further advised the sales manager that the business handling the upfitting was VRTS Sales & Development Corporation (VRTS), whom Fisher represented to be a Connecticut company. In fact, however, the investigation would ultimately reveal that about one year before, it was Fisher himself who had established VRTS when he began renting a one room, 12' x 14' office at Executive Offices, in Middlefield, Connecticut. While the nameplate on the public directory in the lobby as well as the door beside Fisher's office read V.R.T.S./GREG FISHER, Fisher never even established telephone service for his office. In short, the investigation revealed that VRTS existed on paper only and had no ability to perform any upfitting.

Between April and June of 2007, Fisher purchased a total of forty-nine (49) vehicles from the West Herr Automotive Group. The vehicles were financed through a consortium of financial institutions. All of the vehicles were to be upfitted by VRTS. The upfitting costs for each vehicle ranged from approximately \$18,000 to \$116,000. The upfitting costs were to be fully financed by either Ford Motor Credit or DaimlerChrysler Truck Financial. The financing was conditioned on the customer paying a portion of the upfitting costs in advance to West Herr, with West Herr paying the balance due on the upfitting charges. Subsequently, West Herr paid over \$1 million to VRTS in the State of Connecticut, for its share of the upfitting costs.

While Fisher signed contracts for delivery of the vehicles from West Herr, he took delivery of only one of them. Instead, Fisher advised West Herr that the upfitter would need additional time in order to obtain the equipment needed to upfit the vehicles.

After receiving the money and the one vehicle, Fisher had no further contact with WestHerr. Through the government's investigation it was learned that in April of 2007, Fisher himself opened a checking account at TD BankNorth, under the account name VRTS Sales and Development Corp., Middlefield, Connecticut. The investigation further revealed that over \$1 million worth of checks from WestHerr, payable to VRTS Sales & Development Corp., were deposited into the account in May of 2007. Additionally, in June and July of 2007, checks from other financial institutions were also deposited into VRTS' TD BankNorth account. Thereafter, in June of 2007, Fisher directed a series of wire transfers in excess of a million dollars between various business accounts he controlled at different banks. Through its investigation, the United States Attorney's Office and the FBI was able to determined that in June of 2007, Fisher wire transferred over \$1,000,000 to the Coin & Stamp Gallery, Inc. (CSGI) in Phoenix, Arizona in order to purchase 1,470 one (1) ounce gold ingots of various makes and 306 \$20 dollar Liberty Double Eagle coins.

In September of 2007, the FBI approached Fisher at his residence in Niagara

Falls, New York, and were able to obtain from Fisher the gold that he purchased from CSGI. Fisher also provided the FBI Agents with the location of the one vehicle of which he had taken possession in June 2007 from West Herr. Subsequently, the United States Attorney's Office and the FBI were also able to recover from Fisher, over \$100,000 in gift cards and numerous items of electronic equipment that Fisher had purchased with the proceeds of his fraudulent scheme. In addition, Fisher, through his attorney, provided the United States Attorney's Office with a check in the amount of \$519,000.00, which represented primarily the proceeds of an earlier tax fraud scheme which Fisher had perpetrated in order to generate the paperwork and cash he needed to initiate the fraudulent scheme outlined above.

In that regard, the United States Attorney's Office, the FBI, together with the Internal Revenue Service, as part of their investigation explored how it was that Fisher was able to obtain the documentation that he needed in order to secure the credit lines necessary to obtain the financing necessary to pull-off the scam. In that regard it was learned that Fisher had, for tax years 2004, 2005, and 2006, falsely claimed on his tax returns, to have had over \$ 1.3 million in federal income tax withheld from his earnings, when in fact he had nothing withheld. As a result of those false returns, which were submitted in support of his various credit applications, Fisher received fraudulent IRS refunds in the amount of \$503,263.00.

AUSA Kennedy noted that the case was unusual in that the government succeeded in recovering so much of the fraudulently obtained money that it was able to provide over \$2 million in restitution to Fisher's victims. Even so, Judge Skretny ordered that a further restitution judgment be entered against the defendant for the outstanding approximately \$400,000 that defendant owes in restitution.

In imposing the sentence, which was twelve months longer than that sought by the defendant's New York City attorney James Monroe, Esq., Judge Skretny observed that although the numerous letters submitted on behalf of defendant by his family and friends suggested that defendant had "a heart of gold," the problem, according to the Judge, was that, "[the defendant's] gold belonged to someone else."

The conviction was the culmination of an investigation on the part of Special Agents of the Federal Bureau of Investigation, under the direction of Laurie Bennett, Special Agent in Charge; the Internal Revenue Service, under the direction of Patricia J. Haynes, Special Agent in Charge; and the Hamburg Police Department, under the direction of Chief Carmen R. Kesner.