

Department of Justice

United States Attorney Kathleen Mehlretter
Western District of New York

FOR IMMEDIATE RELEASE
OCTOBER 2, 2009
www.usdoj.gov/usao/nyw

CONTACT: Peggy Kelly McFarland
PHONE: (716) 843-5877
FAX: (716) 551-3051

SENTENCING IN \$5.6 MILLION INVESTMENT FRAUD CASE

BUFFALO, N.Y.-- Robert C. Logel, 46, of Ellicottville, New York, was sentenced to four years in federal prison today in U.S. District Court today for his conviction in a multi-million dollar investment fraud case, United States Attorney Kathleen M. Mehlretter announced today.

Assistant U.S. Attorney Paul J. Campana said U.S. District Judge William M. Skretny also ordered Logel to pay more than \$5.6 million in restitution to 19 persons, including Logel's neighbor in Ellicottville, New York, whom Logel defrauded out of \$448,000 in 2006. Logel pled guilty April 27, 2009 before Judge Skretny.

Campana said that, following an investigation by the FBI, Logel was charged in August 2008 with wire fraud, and admitted in his guilty plea last April to receiving more than \$2.2 million in 2003 and 2004 from Kent Keehn, an investor from Texas. Logel, however, did not invest Keehn's money as he told Keehn he would.

Although Logel had told Mr. Keehn that his money would be invested in companies known as Smartpill and Freedom 4Wireless, Logel did not use the money to invest in those companies. Campana said that when Mr. Keehn asked Logel for proof of Keehn's ownership of investment shares, Logel assured Keehn that proof of ownership was forthcoming. Logel, however, never produced it.

Campana said Logel in late 2006 received \$448,000 from Charles Bares, a dairy farmer from Western New York and a friend and neighbor of Logel. At first, Logel falsely told Mr. Bares that he would use \$75,000 of Bares's money for a short-term loan to a pharmaceutical company in Salamanca, New York. Instead, however, Logel used \$25,000 of that money to make a partial repayment to Mr. Keehn, and did not make a short term loan to any pharmaceutical company. Logel thereafter took an additional \$335,000 from Bares's on the false pretense that he would invest it, and he later falsely told Bares that this investment had made a substantial profit. Next, Logel convinced Bares to give him another \$38,829. Finally, Logel gave Bares a post-dated check for \$600,000 in December 2006,

telling Bares the figure represented the amount of money Bares had given him (\$448,000) plus the money the previous investments supposedly had earned. When Bares tried to cash the check in February 2007, he learned that the account against which it was written had been closed.

The conviction was the result of an investigation by Special Agents of the Federal Bureau of Investigation, under the direction of Special Agent In-Charge James H. Robertson.