



# Department of Justice

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## **GAINESVILLE MAN SENTENCED TO 12 YEARS IN PRISON FOR OPERATING A PONZI SCHEME**

Gainesville, GA - WENDELL RAY SPELL, 50, of Gainesville, Georgia, was sentenced today by United States District Judge William C. O'Kelley to serve 12 years in federal prison for committing wire fraud in the execution of a scheme that defrauded investors out of more than \$16 million.

United States Attorney David E. Nahmias said of the case, "This is another in a long line of multi-million dollar get-rich-quick schemes we have prosecuted in recent years. In this case, the con man raised more than \$60 million by falsely leading investors to believe that they were purchasing construction equipment for resale, and that they would earn above-market returns with little or no risk to their investment capital. In fact, the defendant was not investing the money as promised but, instead, was using it to create an aura of legitimacy for his failing business. These fraudulent investment schemes come in many guises but seem to have one thing in common-- the 'guaranteed' returns are literally too good to be true."

SPELL was sentenced to serve 12 years in prison followed by 3 years of supervised release, and ordered to pay restitution in an amount to be determined later by the Court. SPELL pleaded guilty to the charge on March 23, 2009.

According to Nahmias and information presented in court: From February 2005 through October 2008, SPELL was in the business of buying and selling construction equipment in Gainesville, Georgia. SPELL did business in the names of "North Georgia Equipment Sales, LLC," and "Cornerstone International Investments, LLC." In order to keep his failing businesses afloat, SPELL sought and obtained from investors the necessary funds to purchase additional construction equipment, which he said he could re-sell to third parties for a substantial profit. SPELL promised some of the investors that he would split the profits with them on a 50/50 basis, and he promised other investors that he would pay them interest at the rate of 36% per year.

Based upon such promises, SPELL obtained more than \$60 million in investment capital from more than 50 investors in Gainesville, Georgia and elsewhere. SPELL then

led the investors to believe that he had used their money to purchase specific pieces of construction equipment, which he knew he had not purchased. SPELL prepared and provided to the investors bogus bills of sale and other counterfeit documents to make it appear that he had purchased certain equipment as promised, thereby lulling the investors into a false sense of security and delaying or preventing their complaint to law enforcement authorities, and leading them to invest additional funds in his fraudulent scheme. SPELL used a substantial portion of the fraud proceeds to pay phantom "profits" to the investors, to pay his own personal expenses, and to purchase a variety of real and personal property for himself and his family members.

This case was investigated by Special Agents of the Federal Bureau of Investigation, the Georgia Bureau of Investigation (GBI) Region 8 Investigative Office, the GBI High Technology Unit and the Criminal Investigations Division of the Hall County Sheriff's Department.

Assistant United States Attorneys Russell Phillips and Gerald Sachs prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).