



Department of Justice

Acting United States Attorney Sally Quillian Yates
Northern District of Georgia

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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

DEFENDANT PLEADS GUILTY TO TELEMARKETING STOCK FRAUD SCHEME

Reece Operated Boiler Rooms in Marietta; Targeted Foreign Victim Investors

ATLANTA, GA - JOHN A. REECE, 57, of St. Augustine, Florida, pleaded guilty today in federal district court to operating a telemarketing scheme in Marietta, Georgia, that defrauded dozens of foreign individuals into investing hundreds of thousands of dollars in fraudulent companies.

Acting United States Attorney Sally Quillian Yates said of the case, "This defendant set up old-style boiler rooms with telemarketers making false pitches about investments. Such phony sales pressure tactics may be old, but they are just as illegal today as they were 30 years ago, and still equate to losses for innocent victims. Federal law enforcement has made great strides in shutting down such investment boiler room operations, and now another one based in Marietta is gone and its leader is facing federal prison."

According to Acting United States Attorney Yates, the charges and other information presented in court, REECE and a co-defendant who has already pleaded guilty, PATRICK SOLTIS, lied to investors in 2002 to entice them to invest in a shell company, Wolf & Soltis Holdings, LLC. Through telemarketers that they hired to sell the stock in unsolicited transactions, the defendants falsely claimed that Wolf & Soltis had substantial business operations and plans to expand in a number of areas. In fact the company was bogus, had no operations, assets, revenues, or even employees, other than the hired telemarketers.

As part of the scheme, the defendants claimed that they owned a private bottled water company, were involved with the University of Minnesota to develop a tree species that grew more quickly, and owned a cosmetics company for which entertainment personality Raquel Welch was the spokesperson. All of these claims were false. In truth, the defendants pocketed the lion's share of the money they received from investors and used the rest to pay their telemarketers, telephone bills, and related expenses. After a disagreement with SOLTIS, REECE began to operate a second fraudulent telemarketing

scheme through an entity he operated known as “Wellington Group,” purportedly selling shares in “Australian Biofund Investments, Ltd.” (ABIL), based on material misrepresentations and omissions. REECE retained the vast majority of the money invested in Wellington, but failed to disclose that fact and even falsely informed investors that there was no commission associated with their investments.

To execute each of these frauds, REECE ran a boiler room with high-pressure telemarketers he hired to call hundreds of potentially vulnerable victims each day from call lists REECE had purchased. In addition to providing call lists to the telemarketers, REECE developed scripts for them to use in selling the fraudulent investments. The call lists targeted foreign investors in English speaking countries. REECE intentionally targeted foreign investors in part to avoid, or at least delay, the scrutiny of U.S. law enforcement. As a result, the overwhelming majority of REECE’s victims live in foreign countries, primarily Australia and Canada. REECE’s schemes resulted in a loss of over \$500,000 to the victims.

REECE was indicted in December 2008 and pleaded guilty today to one count of wire fraud. He could receive a maximum sentence of 20 years in prison and a fine of up to \$250,000. SOLTIS also pleaded guilty to wire fraud in October 2008, and likewise faces a maximum sentence of 20 years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing for REECE is scheduled for April 7, 2010, at 10 a.m., before United States District Judge Clarence Cooper. SOLTIS’ sentencing date has not yet been set by the court.

This case is being investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorneys Stephen H. McClain and Justin S. Anand are prosecuting the case. The case was originally indicted by Assistant United States Attorney Lawrence R. Sommerfeld.

For further information please contact Sally Q. Yates, Acting 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/ga.