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**PRINCIPAL OF \$80 MILLION PONZI SCHEME SENTENCED IN
MANHATTAN FEDERAL COURT TO 100 MONTHS IN PRISON**

PREET BHARARA, United States Attorney for the Southern District of New York, announced today that WALTER NETSCHI was sentenced in Manhattan federal court to 100 months in prison in connection with his operation of an \$80 million Ponzi scheme involving investments in Automated Teller Machines ("ATMs"). NETSCHI was found guilty of all ten counts against him - one count of conspiracy and nine counts of wire fraud - on November 12, 2010, following a three-week jury trial before U.S. District Judge THOMAS P. GRIESA. NETSCHI's co-defendant, VANCE MOORE II, previously pled guilty to the same ten wire fraud counts and was sentenced to 97 months in prison by Judge GRIESA.

Manhattan U.S. Attorney PREET BHARARA said: "Walter Netschi deliberately set out to swindle investors by designing and orchestrating an intricate Ponzi scheme that netted him and his co-conspirator Vance Moore tens of millions of dollars. Today's sentence sends a clear message to individuals who may be tempted to make easy money by engaging in fraud that they will be punished with hard time."

According to the evidence introduced at trial and other documents and proceedings in this case:

From 2005 through January 2008, NETSCHI, assisted by MOORE, successfully solicited more than \$80 million dollars' worth of investments in ATMs purportedly placed in various retail locations around the country, including convenience stores, gas stations, malls, and hotels. NETSCHI claimed that he bought the ATMs from third parties and that he used an independent entity, which was MOORE's company, to service them and conduct due diligence. He also represented that Moore's company would ensure that the ATMs generated revenue streams for the investors based on fees the ATMs charged for cash withdrawals. In fact, 90 percent of the more than 4,500 ATMs that NETSCHI purportedly sold to the investors were actually owned by other people or companies, or did not exist at all. Additionally, the monthly

revenue payments that investors received were not actual revenues from ATMs, but money invested by additional victims which was misappropriated by NETSCHI and MOORE in order to further conceal the fraudulent scheme from the dozens of victims in the case.

NETSCHI's deceit even involved engaging in sham purchase negotiations with other companies that owned ATMs, so that he and MOORE could acquire information about those ATMs. They then used the information and documents they obtained from these other companies to further deceive their investors, providing them with what looked like legitimate documents purporting to show that NETSCHI owned and MOORE serviced the machines. In reality, those machines were owned and operated by those other companies.

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In addition to the sentence of imprisonment, NETSCHI, 64, of Hot Springs Village, Arkansas, was sentenced by Judge GRIESA to 2 years of supervised release and was ordered to forfeit \$80 million, which represented the proceeds of the crime.

Mr. BHARARA praised the work of the FBI in the investigation of this case.

The case is being handled by the Office's Complex Frauds Unit. Assistant United States Attorneys ANTONIA M. APPS and CARRIE H. COHEN are in charge of the prosecution.

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