



*United States Attorney
Southern District of New York*



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**PRESIDENT AND CHIEF OPERATING OFFICER OF MONEY SERVICE
COMPANY SENTENCED IN MANHATTAN FEDERAL COURT
TO 11 AND 5 YEARS IN PRISON, RESPECTIVELY, FOR ROLES
IN DEFRAUDING BANKS, RETAILERS, HOSPITALS, AND
UNIVERSITIES OUT OF OVER \$60 MILLION**

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and CHRISTY L. ROMERO, the Acting Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"), announced that ROBERT EGAN, the President of Mount Vernon Money Center ("MVMC"), and BERNARD MCGARRY, the Chief Operating Officer of MVMC were sentenced today in Manhattan federal court to 11 and 5 years in prison for their roles in defrauding MVMC clients, including banks that had received TARP funds, universities, and hospitals, out of over \$60 million that had been entrusted to MVMC. EGAN, 65, of Bedford Corners, New York, and MCGARRY, 51, of Yonkers, New York, both previously pled guilty to one count of conspiracy to commit bank and wire fraud and six counts of bank fraud before U.S. District Judge JOHN F. KEENAN who imposed today's sentences.

Manhattan U.S. Attorney PREET BHARARA stated: "Robert Egan and Bernard McGarry used the Mount Vernon Money Center vaults, containing tens of millions of dollars of other people's money they had pledged to safeguard, as their own personal ATM machines. The stiff punishments imposed on them today should send a clear message to banking professionals thinking about violating the trust of their clients: we will uncover your fraud and we will send you to jail. I applaud our partners, the FBI

and SIGTARP, for their extraordinary efforts in uncovering this complex and brazen fraud."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK stated: "Egan and McGarry engaged in a long-term scheme to misuse customers' money and engaged in repeated deception to conceal their theft. Essentially, they stole customers' money and lied to cover it up. These were clear violations of their professional responsibilities, and the sentences handed down reflect this."

SIGTARP Acting Special Inspector General CHRISTY L. ROMERO stated: "The American taxpayers became shareholders in hundreds of banks that received TARP funds. SIGTARP is committed to protecting the taxpayers' investment. Egan and McGarry defrauded TARP recipient banks. As the court stated today, this was simply a case of robbing Peter to pay Paul. Today's sentencing of 11 years imprisonment for Egan and 5 years imprisonment for McGarry make clear that criminals who defraud TARP recipients will pay for their crimes. SIGTARP will continue to work tirelessly with the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, and its other law enforcement partners to ensure that those who fraudulently put taxpayer money at risk will be brought to justice."

According to the Indictment and statements made during various proceedings in this case:

MVMC engaged in various cash management businesses, including replenishing cash in over 5,300 Automated Teller Machines ("ATMs") owned by banks and other financial institutions. In addition, the company provided armored car services to banks, financial institutions, and retailers, through a subsidiary called Armored Money Services ("AMS"). MVMC also provided payroll services to various employers, including hospitals and universities, which permitted employees to cash their paychecks on their employers' premises. In connection with these businesses, MVMC owned and operated several cash vaults, in which MVMC and its affiliated businesses stored and processed cash collected from and distributed to its clients, and other cash depositories such as the Federal Reserve Bank.

From at least 2005 through February 2010, EGAN and MCGARRY solicited and collected hundreds of millions of dollars from the company's clients, based in part on the representations that they would not commingle clients' funds or use the funds for purposes other than those specified in the various contracts between MVMC and its clients. In fact, these representations

were false, and EGAN and McGARRY misappropriated tens of millions of dollars of MVMC's clients' funds.

The defendants engaged in a practice known as "playing the float." More specifically, MVMC was entrusted on a weekly basis to hold tens of millions of dollars for its clients for specific business purposes for a specified period of time. Relying upon the continual influx of funds, EGAN and McGARRY misappropriated the clients' funds for their and MVMC's own use, to cover operating expenses of the MVMC operating entities, to repay prior obligations to clients, or for their own personal enrichment.

The defendants' scheme involved outright deception. For example, when bank customers did audits of MVMC's vaults to ensure that their money was properly segregated and safeguarded by the company, McGARRY, at EGAN's direction, moved the money around inside the vault in advance of the customer's inspection, so as to make it appear that MVMC was properly maintaining the customers' funds when it was not. In so doing, the defendants concealed from customers the fact that their money was being used to fund MVMC's operating shortfalls and to enrich the defendants at the customers' expense.

As a result of the fraudulent commingling and misappropriation of customer funds described above, in February 2010, though MVMC had been entrusted with over \$85 million by its clients, it only held approximately \$25 million in cash in its vaults and bank accounts.

During his guilty plea, EGAN admitted that he had engaged in "deceptive" practices with respect to MVMC's customers, and admitted to misusing and commingling MVMC client funds, in violation of MVMC's obligations to its customers. McGARRY also admitted that he and EGAN "played the float" and that they used customer money to cover operating shortfalls in the businesses, in violation of contractual obligations to keep their customers' money segregated.

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In addition to the prison terms, Judge KEENAN sentenced both EGAN and McGARRY to three years of supervised release. For each defendant, he also imposed an order of forfeiture in the amount of \$70 million and a \$700 special assessment. Restitution orders will be determined at a later date.

Mr. BHARARA praised the investigative work of the FBI and SIGTARP.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as Co-Chair of the Securities and Commodities Fraud Working Group and Ms. ROMERO serves as Co-Chair of the Rescue Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

If you believe you were a victim of this crime, including a victim entitled to restitution, and you wish to provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact Wendy Olsen-Clancy, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866) 874-8900 or Wendy.Olsen@usdoj.gov. For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html> on the Internet.

This matter is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys ANTONIA M. APPS and DAVID MILLER are in charge of the prosecution.

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