



*United States Attorney  
Southern District of New York*

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**MANHATTAN FEDERAL JURY FINDS PRINCIPAL  
OF \$80 MILLION PONZI SCHEME GUILTY  
ON TEN COUNTS OF WIRE FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that WALTER NETSCHI was found guilty last Friday by a federal jury on all ten counts of an Indictment charging him with wire fraud conspiracy and wire fraud, based on his participation in an \$80 million Ponzi scheme involving investments in Automated Teller Machines ("ATMs"). U.S. District Judge THOMAS P. GRISEA presided over the three week trial.

According to the evidence introduced at trial, other proceedings in this case, and documents previously filed in Manhattan federal court:

From 2005 through January 2008, WALTER NETSCHI successfully solicited over \$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, assisted by co-conspirator VANCE MOORE II, claimed that the ATMs would generate revenue streams for the investors, based on fees the ATMs would charge for cash withdrawals. NETSCHI told investors that he had traveled around the country finding the ATMs to sell to investors, and that he personally owned thousands of ATMs. Based on these representations, NETSCHI entered into contracts with investors, through which the investors were led to believe that they had purchased from NETSCHI ownership stakes in more than 4,500 ATMs. In connection with the sales, NETSCHI provided the investors with documents describing the ATMs, as further proof that the investors now owned the ATMs.

In fact, approximately 90 percent of the machines NETSCHI purportedly sold to the investors either did not exist or were never owned by MOORE or NETSCHI. The information regarding

the machines contained in the documents NETSCHI had provided to investors was in fact obtained by NETSCHI during negotiations with other ATM companies - negotiations which did not result in the sale of any ATMs to NETSCHI. NETSCHI did not use the victims' funds to purchase the ATMs, but rather used the money to further the fraudulent scheme and to enrich himself and MOORE. When the fraud began to unravel and victims discovered that most of the ATMs they had bought from NETSCHI either did not exist or were owned by other companies, NETSCHI created false documents and backdated them in an effort to conceal his role in the fraud.

NETSCHI, 63, of McKinney, Texas, faces a maximum penalty of 200 years in prison, and a fine of over \$2,500,000, in addition to forfeiture of the proceeds of the crime. He is scheduled to be sentenced on March 2, 2011.

MOORE pled guilty to all ten counts in the Indictment prior to trial on October 18, 2010. He is scheduled to be sentenced on January 20, 2011.

Mr. BHARARA praised the work of the Federal Bureau of Investigation in the investigation of this case. He added that the investigation is continuing.

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

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