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**MANHATTAN U.S. ATTORNEY CHARGES TWO DEFENDANTS
IN \$80 MILLION PONZI SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced the unsealing of a ten-count indictment charging VANCE MOORE II and WALTER NETSCHI for allegedly perpetrating an \$80 million Ponzi scheme involving investments in Automated Teller Machines ("ATMs"). MOORE was arrested Friday afternoon in Garner, North Carolina. NETSCHI is expected to surrender to federal authorities in Manhattan this morning.

According to the Indictment unsealed in Manhattan federal court:

From 2005 through January 2008, MOORE and NETSCHI 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. MOORE and NETSCHI claimed that the ATMs would generate revenue streams for the victims based on fees charged for withdrawals of cash. In truth and fact, MOORE and NETSCHI did not use the victims' funds to purchase ATMs, but rather used the money to further the fraudulent scheme and to enrich themselves.

MOORE and NETSCHI entered into contracts with victims falsely representing that the victims collectively had purchased approximately 4,000 ATMs. In truth and fact, approximately 90 percent of the machines purportedly sold to the victims either did not exist or were never owned by MOORE or NETSCHI. To further the fraudulent scheme, MOORE transmitted monthly reports

and monthly payments to the victims purportedly relating to their investments in the ATMs. In reality, the reports contained false information and the payments were not revenues from ATMs but were simply monies received by NETSCHI from new investors.

MOORE made additional misrepresentations to victims who noticed discrepancies in the monthly reports or inquired about problems concerning ATMs they believed they had bought. For example, in the fall of 2006, a victim visited the location of an ATM in Florida that he thought he had purchased from NETSCHI's company and that was purportedly being serviced by MOORE's company. The investor could not find the ATM and was informed by the hotel where the ATM was supposedly located that no such ATM existed. MOORE then falsely represented to the investor that the ATM in question had been relocated elsewhere in Florida.

MOORE and NETSCHI each are charged in the Indictment with one count of conspiracy to commit wire fraud and nine counts of wire fraud. Each count in the Indictment carries a maximum potential penalty of 20 years in prison and a fine of the greater of \$250,000 or twice the gross gain or loss derived from the offense. The Indictment also seeks \$80 million in forfeiture from MOORE and NETSCHI.

MOORE, 55, of Raleigh, North Carolina, is expected to be presented in federal court in the Eastern District of North Carolina later today. NETSCHI, 62, of McKinney, Texas, is expected to be presented in Magistrate's Court in Manhattan federal court later today.

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

"Vance Moore II and Walter Netschi used false promises and fake returns to steal tens of millions of dollars from their victims. We will continue to use the full resources of our Office to expose the perpetrators and vindicate the victims of complex financial frauds," said United States Attorney PREET BHARARA.

"The defendants claimed the revenue in their investment opportunity derived from ATM fees. In fact, it was a classic Ponzi scheme, and the phantom revenue came from new investors. The scheme itself, until discovered, was one giant cash machine," said FBI Assistant Director-in-Charge JOSEPH M. DEMAREST, JR.

The case is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorney ANTONIA M. APPS is in charge of the prosecution.

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