

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO.
v.	:	DATE FILED: May 3, 2012
ISTVAN MERCHENTHALER, a/k/a "Steve Merchenthaler"	:	VIOLATIONS:
	:	18 U.S.C. § 1343 (wire fraud - 4 counts)
	:	18 U.S.C. § 1028A
	:	(aggravated identity theft - 1 count)
	:	18 U.S.C. § 1957
	:	(money laundering - 2 counts)
	:	Notice of Forfeiture

INDICTMENT

COUNTS ONE THROUGH

THE GRAND JURY CHARGES THAT:

At all times relevant to this indictment:

1. Defendant ISTVAN MERCHENTHALER claimed to be the founder of PhoneCard USA, a company that was purportedly a "premier distribution source" for prepaid phone cards and cell phones. In fact, defendant MERCHENTHALER operated a "Ponzi" scheme, obtaining millions of dollars from investors and using much of these funds for his own benefit and to perpetuate the scheme.

THE SCHEME

2. From at least about May 2006 to in or about September 2011, defendant

**ISTVAN MERCHENTHALER
a/k/a "Steve Merchenthaler"**

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

3. Defendant ISTVAN MERCHENTHALER approached investors and persuaded them to make capital loan investments in PhoneCard USA. In his marketing materials, defendant MERCHENTHALER falsely claimed that these capital loan investments would finance the “exponential growth” of PhoneCard USA and would provide investors with “generous returns” on their investments. Further, defendant MERCHENTHALER falsely claimed in these materials that PhoneCard USA generated monthly revenues of \$4.8 million.

4. Defendant ISTVAN MERCHENTHALER signed contracts with investors stating that returns on investments – called “commissions” – would begin six (6) months from the date of the original investment. These contracts stated that commissions would be provided monthly for a period of 18 months. Defendant MERCHENTHALER’s contracts and marketing materials promised investors that, with an original investment of \$35,000 or more, they would make over five (5) times their original investment over this 18 month period.

5. In his marketing materials, defendant ISTVAN MERCHENTHALER falsely claimed that PhoneCard USA had “lucrative contracts” with major retail chain stores “covering territories that span the east coast.” In these materials, and in his communications to investors, defendant MERCHENTHALER falsely claimed PhoneCard USA had contracts with these major retail chain stores, including Walmart, 7-Eleven, and BJ’s Wholesale Club. In fact, defendant MERCHENTHALER had no such contracts with these major retail chain stores.

6. Defendant ISTVAN MERCHENTHALER falsely claimed to investors that he was a personal friend of T.S., a Walmart executive. In fact, defendant

MERCHENTHALER had no such friendship with T.S. Further, defendant MERCHENTHALER utilized an e-mail address containing T.S.'s name to dupe investors into believing they would have business meetings with T.S. in Philadelphia, New York, or Florida.

7. Defendant ISTVAN MERCHENTHALER repaid portions of loans back to investors in order to lull them into a false sense of security and to obtain additional investments from them and new investors. In communications with investors, defendant MERCHENTHALER provided bogus explanations for his failure to pay commissions, including embezzlement by his purported employees.

8. Defendant ISTVAN MERCHENTHALER offered to make monthly payments on new cars for some investors if they helped defendant MERCHENTHALER meet "performance levels" of new investments in PhoneCard USA. After obtaining additional investments, defendant MERCHENTHALER made several car payments for these investors before halting these payments altogether.

9. Rather than use the investor funds as promised, defendant ISTVAN MERCHENTHALER used the funds to pay himself, his family, and personal expenses; buy expensive cars, jewelry, and firearms; wire money overseas; and perpetuate the scheme by paying some investors commissions and "referral fees."

10. Defendant ISTVAN MERCHENTHALER stole over \$2 million from over 200 investors in PhoneCard USA.

THE WIRES

11. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

**ISTVAN MERCHENTHALER,
a/k/a “Steve Merchenthaler,”**

for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communications in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION OF WIRE
ONE	June 16, 2009	Wire transfer of \$38,000 from investor P.B. to defendant MERCHENTHALER, transmitted from Zurich, Switzerland to New York, New York to Wyomissing, Pennsylvania
TWO	October 23, 2009	Wire transfer of \$205,000 from investor C.A. to defendant MERCHENTHALER, transmitted from San Francisco, California to Minneapolis, Minnesota to Exton, Pennsylvania
THREE	October 26, 2009	Wire transfer of \$195,000 from investor C.A. to defendant MERCHENTHALER, transmitted from San Francisco, California to Minneapolis, Minnesota to Wyomissing, Pennsylvania
FOUR	December 2, 2009	Wire transfer of \$205,000 from investor P.W. to defendant MERCHENTHALER, transmitted from St. Louis, Missouri to Minneapolis, Minnesota to Exton, Pennsylvania

All in violation of Title 18, United States Code, Section 1343.

COUNT FIVE

THE GRAND JURY FURTHER CHARGES THAT:

From in or about December 2008 to in or about March 2010, in the Eastern
District of Pennsylvania, defendant

**ISTVAN MERCHENTHALER,
a/k/a “Steve Merchenthaler,”**

knowingly and without lawful authority, possessed and used a means of identification of another
person, that is, the name of T.S., during and in relation to wire fraud.

In violation of Title 18, United States Code, Sections 1028A(a)(1), (c)(5).

COUNTS SIX AND SEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 10 of Counts One through Four of this indictment are incorporated here.

2. In furtherance of the scheme to defraud alleged in Counts One through Four of this indictment, defendant ISTVAN MERCHENTHALER used funds, entrusted to him by investors, to purchase automobiles.

3. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

**ISTVAN MERCHENTHALER,
a/k/a “Steve Merchenthaler,”**

knowingly engaged in and willfully caused monetary transactions affecting interstate commerce in criminally derived property of a value greater than \$10,000, described more fully below, and such property was derived from a specified unlawful activity, that is wire fraud, in violation of Title 18, United States Code, Section 1343:

COUNT	DATE	DESCRIPTION OF TRANSACTION
SIX	October 20, 2008	Check in the amount of \$69,000 drawn on defendant MERCHENTHALER’s personal bank account ending in 9522 using PhoneCard USA investments that defendant MERCHENTHALER used to purchase a 2009 Mercedes Benz
SEVEN	January 22, 2009	Check in the amount of \$19,500 drawn on defendant MERCHENTHALER’s personal bank account ending in 9522 using PhoneCard USA investments that defendant MERCHENTHALER used to purchase a 2009 Nissan GT-R

All in violation of Title 18, United States Code, Section 1957.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1028A, 1343, and 1957, set forth in this indictment, defendant

ISTVAN MERCHENTHALER
a/k/a “Steve Merchenthaler”

shall forfeit to the United States of America, any property, real or personal, that constitutes or is derived from proceeds obtained directly or indirectly as a result of such offenses.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

A TRUE BILL:

FOREPERSON

ZANE DAVID MEMEGER
United States Attorney