

Leaders of Colorado-Based Vending Machine Fraud Sentenced to Prison

DENVER – The two leaders of a Colorado-based scheme that defrauded more than 400 consumers throughout the country of \$5 million were sentenced to prison, the Justice Department and U.S. Postal Inspection Service announced today. Gary Luckner, 41, of Highlands Ranch, Colo., was sentenced today to 90 months in prison and was ordered to pay \$4,524,456 in restitution. Richard Black, 52, of Arcadia, Calif., was sentenced yesterday to 97 months in prison and was ordered to pay \$5,066,456 in restitution.

Black and Luckner created, led and operated the fraudulent scheme from 2007-2009, according to documents filed in the case. The two men arranged for various telemarketing sales rooms to sell business opportunities for vending machines that dispensed highly caffeinated energy chews and energy shots. For a purchase price of typically about \$10,000, purchasers were promised vending machines, high-traffic locations for the vending machines and ongoing assistance in operating the vending machine business. Most of the victims never made any money and lost their entire investment. The largest of the telemarketing sales rooms involved – and the one that made the most sales – was American Vending Systems, which was located in Centennial, Colo.

Black and Luckner acknowledged in their plea agreements that sales representatives lied about likely profits from the business, the quality of locations that were available for the vending machines and the level of customer service that purchasers would receive. Black and Luckner also used phony “references” to persuade the victims to buy. Black himself was one such reference. Using an alias, Black falsely told potential buyers that he was an American Vending customer who operated a financially profitable vending route.

Black and Luckner pleaded guilty to conspiracy to commit mail fraud. Four other defendants were also convicted as part of the same scheme:

Trey Friedmann, 46, of Denver, was sentenced yesterday by Judge David M. Ebel to two years in prison and was ordered to pay \$465,734 in restitution. Friedmann was the top salesman at American Vending.

Louis J. Gubitosa, 63, of Littleton, Colo., was sentenced earlier this year to 18 months in prison. Gubitosa was the president of American Vending.

Henry Melvin Hendrix, 48, of Galt, Calif., was ordered earlier this year to serve five years of probation, including eight months of home confinement. Hendrix was a phony reference who was paid to pretend to be a successful vending route owner.

Jennifer Putnam, 33, of Bluffton, S.C., was sentenced earlier this year to five years of probation, including eight months of home confinement. Putnam operated a locating company involved in the scheme that falsely claimed to have good locations ready and waiting in the area of the potential buyer.

“The victims’ stories are heartbreaking,” said Tony West, Assistant Attorney General of the Justice Department’s Civil Division. “Like so many Americans struggling to make ends meet, these folks were trying to supplement modest incomes by investing in themselves and starting their own businesses. Instead of taking a step up the financial ladder, their losses now put them in a financial hole because these defendants lied to them. That’s why this department will continue to prosecute and seek stiff sentences for fraudsters like those sentenced today.”

“Prosecuting perpetrators of financial fraud is a top priority,” said U.S. Attorney for the District of Colorado John Walsh. “Victims of these crimes are more than just names on a piece of paper, they are real people who have lost their hard earned money. That is why it is so important to pursue cases such as this.”

“Federal agents with the United States Postal Inspection Service work diligently to protect citizens from being victimized by criminals who use the mail to commit fraud,” said Inspector in Charge of the U.S. Postal Inspection Service Denver Division Thomas Noyes. “Postal Inspectors from the Denver office are pleased with the efforts of the Justice Department in seeing these criminals brought to justice. Investigations like this will always be a priority for Postal Inspectors.”

The case was investigated by the U.S. Postal Inspection Service. Luckner, Black and the other defendants were prosecuted by Trial Attorney Patrick Jasperse of the U.S. Justice Department’s Office of Consumer Litigation.