

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

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. 12-214</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: March 7, 2013</b>
<b>ISTVAN MERCHENTHALER,</b>	<b>:</b>	<b>VIOLATIONS:</b>
<b>a/k/a “Steve Mercenthaler,”</b>		<b>18 U.S.C. § 1343 (wire fraud - 4 counts)</b>
<b>a/k/a “Atilla Mergenthaler,”</b>	<b>:</b>	<b>18 U.S.C. § 1028A</b>
<b>a/k/a “Adien A. Donis,”</b>		<b>(aggravated identity theft - 2 counts)</b>
<b>a/k/a “Adien Adonis,”</b>	<b>:</b>	<b>18 U.S.C. § 1957</b>
<b>a/k/a “Joey Gallow,”</b>		<b>(money laundering - 2 counts)</b>
<b>a/k/a “T.S.,”</b>	<b>:</b>	<b>18 U.S.C. § 1956</b>
<b>a/k/a “A.B.,”</b>		<b>(money laundering - 2 counts)</b>
<b>a/k/a “C.S.”</b>	<b>:</b>	<b>26 U.S.C. § 7206(1)</b>
		<b>(filing false tax return - 2 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2314</b>
		<b>(transportation of stolen goods - 2 counts)</b>
	<b>:</b>	<b>Notice of Sentencing Enhancement</b>
		<b>Notices of Forfeiture</b>

**SUPERSEDING INDICTMENT**

**COUNTS ONE THROUGH FOUR**

**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 February 2013, defendant

**ISTVAN MERCHENTHALER**  
**a/k/a “Steve Merchenthaler,”**  
**a/k/a “Atilla Mergenthaler,”**  
**a/k/a “Adien A. Donis,”**  
**a/k/a “Adien Adonis,”**  
**a/k/a “Joey Gallow,”**  
**a/k/a “T.S.,”**  
**a/k/a “A.B.,”**  
**a/k/a “C.S.”**

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 falsely claimed to investors that PhoneCard USA had a contract with 7-Eleven to sell phone cards, prepaid phones, and prepaid “adult entertainment cards.” Further, defendant MERCHENTHALER prepared a bogus contract between PhoneCard USA and 7-Eleven that MERCHENTHALER used to dupe investors. This bogus contract contained the name and purported signature of A.B., a 7-Eleven executive.

8. 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.

9. 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.

10. 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.”

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

### **THE WIRES**

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

**ISTVAN MERCHENTHALER,  
a/k/a “Steve Merchenthaler,”  
a/k/a “Atilla Mergenthaler,”  
a/k/a “Adien A. Donis,”  
a/k/a “Adien Adonis,”  
a/k/a “Joey Gallow,”  
a/k/a “T.S.,”  
a/k/a “A.B.,”  
a/k/a “C.S.”**

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:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION OF WIRE</b>
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 at least about May 2006 to in or about February 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

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).

**COUNT SIX**

**THE GRAND JURY FURTHER CHARGES THAT:**

From at least about May 2006 to in or about February 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

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

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

**COUNTS SEVEN AND EIGHT****THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Counts One through Six of this superseding indictment are incorporated here.

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

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

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:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION OF TRANSACTION</b>
SEVEN	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
EIGHT	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.

**COUNTS NINE AND TEN****THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11 of Counts One through Six of this superseding indictment are incorporated here.
2. On or about the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

knowingly conducted the following financial transactions affecting interstate commerce:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION OF TRANSACTION</b>
NINE	October 19, 2009	Check in the amount of \$32,500 made payable to investor M.A. and drawn on defendant MERCHENTHALER's personal bank account ending in 2837
TEN	December 23, 2009	Check in the amount of \$26,000 made payable to investor P.B. and drawn on defendant MERCHENTHALER's personal bank account ending in 2837

3. When conducting the financial transactions described in paragraph 2 above, defendant ISTVAN MERCHENTHALER knew that the property involved in those financial transactions represented the proceeds of some form of unlawful activity.
4. The financial transactions described in paragraph 2 above involved the

proceeds of a specified unlawful activity, that is, wire fraud, in violation of 18 U.S.C. § 1343, and defendant MERCHENTHALER acted with intent to promote the carrying on of the specified unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

**COUNT ELEVEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

On or about April 15, 2009, in the Eastern District of Pennsylvania, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant ISTVAN MERCHENTHALER did not believe to be true and correct as to every material matter, in that the income tax return reported no taxable income, when in fact, as defendant ISTVAN MERCHENTHALER well knew, he failed to report additional taxable income of approximately \$378,118.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT TWELVE**

**THE GRAND JURY FURTHER CHARGES THAT:**

On or about October 18, 2010, in the Eastern District of Pennsylvania, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2009, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Internal Revenue Service, which defendant ISTVAN MERCHENTHALER did not believe to be true and correct as to every material matter, in that the income tax return reported no taxable income, when in fact, as defendant ISTVAN MERCHENTHALER well knew, he failed to report additional taxable income of approximately \$992,887.28.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT THIRTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

On or about February 11, 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

unlawfully transported in interstate commerce, from North Carolina to Pennsylvania, goods and merchandise with a value in excess of \$5,000, that is, one 2013 Dodge Charger SRT8, VIN #2C3CDXEJ7DH525221, knowing the same to have been stolen, converted, and taken by fraud.

All in violation of Title 18, United States Code, Section 2314.

**COUNT FOURTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

From on or about October 15, 2012 to on or about February 15, 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S."**

unlawfully transported in interstate commerce, from Pennsylvania to Maryland, goods and merchandise with a value in excess of \$5,000, that is, one 2012 Jeep Grand Cherokee SRT8 sport utility vehicle, VIN # 1C4RJFD7CC340646, knowing the same to have been stolen, converted, and taken by fraud.

All in violation of Title 18, United States Code, Section 2314.

**NOTICE OF SENTENCING ENHANCEMENT**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. From on or about May 3, 2012 to the present, defendant ISTVAN MERCHENTHALER has been a defendant in this case.
2. From on or about May 10, 2012 to on or about October 16, 2012, defendant ISTVAN MERCHENTHALER had been permitted to remain out of custody under supervision of United States Pretrial Services until the conclusion of trial. While on release pending trial, defendant MERCHENTHALER was subject to a Court order notifying him of his release conditions and the penalties for committing a new offense while under pretrial supervision.
3. On or about October 16, 2012, a warrant was issued for the arrest of defendant ISTVAN MERCHENTHALER based on defendant MERCHENTHALER's violation of his pretrial release conditions and a petition by United States Pretrial Services.
4. From on or about October 15, 2012 to on or about February 15, 2013, in the Eastern District of Pennsylvania and elsewhere, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S.,"**

while on release pending trial, unlawfully transported in interstate commerce goods and merchandise with a value in excess of \$5,000, knowing the same to have been stolen, converted,

and taken by fraud, in violation of Title 18, United States Code, Section 2314.

In violation of Title 18, United States Code, Section 3147.

**NOTICE OF FORFEITURE No. 1**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. As a result of the violations of Title 18, United States Code, Sections 1343 and 2314 set forth in this indictment, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S.,"**

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 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

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

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

**NOTICE OF FORFEITURE No. 2**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. As a result of the violations of Title 18, United States Code, Sections 1956 and 1957, set forth in this indictment, defendant

**ISTVAN MERCHENTHALER,  
a/k/a "Steve Merchenthaler,"  
a/k/a "Atilla Mergenthaler,"  
a/k/a "Adien A. Donis,"  
a/k/a "Adien Adonis,"  
a/k/a "Joey Gallow,"  
a/k/a "T.S.,"  
a/k/a "A.B.,"  
a/k/a "C.S.,"**

shall forfeit to the United States of America any property, real or personal, involved in such violations, and any property traceable to such property.

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

1. cannot be located upon the exercise of due diligence;
2. has been transferred or sold to, or deposited with, a third party;
3. has been placed beyond the jurisdiction of the Court;
4. has been substantially diminished in value; or
5. has been commingled with other property which cannot be divided without difficulty;

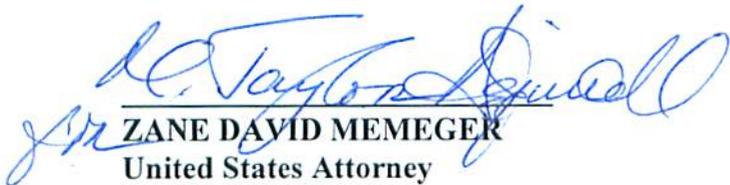
it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b),

incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982.

**A TRUE BILL:**

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**GRAND JURY FOREPERSON**

  
\_\_\_\_\_  
**ZANE DAVID MEMEGER**  
United States Attorney