

NEWS

United States Department of Justice
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FOR IMMEDIATE RELEASE
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Former Securities Broker Sentenced to 42 Months in
Federal Prison for Stock and Extortion Schemes

(More)

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CAMDEN – A former securities broker with offices in Cherry Hill, Marlton and Ocean City was sentenced to 42 months in federal prison today for his role in an intricate stock fraud and money laundering scheme, a separate extortion scheme, and bankruptcy fraud, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Jerome B. Simandle also ordered Rhett Howard Kirchhoff, 43, of Upper Township, to pay \$11.6 million in restitution. Judge Simandle continued Kirchhoff's release on a \$250,000 bond pending his surrender to officials with the U.S. Bureau of Prison on or before April 14.

During the sentencing, Judge Simandle noted that consideration was given to Kirchhoff's cooperation with the federal government in several criminal investigations. Kirchhoff had faced a probable sentencing range of between 70 and 87 months in prison under the advisory U.S. Sentencing Guidelines. Judge Simandle granted the government's motion to impose a sentence below the recommended federal guidelines range based on Kirchhoff's cooperation, which began in 2003. In support of the government's request for a downward departure, Assistant U.S. Attorney Deborah Prisinzano Mikkelsen told the court, among other things, that Kirchhoff assisted the government's investigations by secretly recording more than 500 conversations.

On March 13, 2006, Kirchhoff pleaded guilty before Judge Simandle to a four-count Information that charged him with conspiracy to commit securities and wire fraud; conspiracy to commit money laundering; conspiracy to affect commerce by extortion; and bankruptcy fraud.

At his plea hearing, Kirchhoff admitted his involvement in an intricate stock fraud and money laundering scheme that cost public investors more than \$15 million in losses and a scheme to extort money and stock from several stock promoters and corporate insiders through the use of threats and violence. From 1995 until 1998, Kirchhoff, who was licensed to sell securities by the NASD, owned and controlled DiMedio Kirchhoff & Co., Inc. and was an employee of the Kirchhoff Organization, Ltd. Both companies were registered securities brokerages with offices in Cherry Hill, Marlton and Ocean City.

Kirchhoff admitted that he conspired with Robert P. Gordon, 57, of St. Petersburg, Fla., who was the Chairman and CEO of TeleServices Internet Group, Inc., ("TSIG") and others in a scheme in which they used deceptive and manipulative practices in connection with the fraudulent issuance, purchase and resale of stock of TSIG from December 1996 through October 2000. On April 9, 2007, with the assistance of Kirchhoff's cooperation and testimony, Gordon was convicted by a jury of one count each of conspiracy to commit securities and wire fraud and conspiracy to commit money laundering. Gordon, who was the ringleader of the scheme, was sentenced to 240 months in federal prison on Sept. 24, 2007. All of Gordon's co-conspirators have pleaded guilty to federal charges.

Kirchhoff also admitted to conspiring with a New Jersey State Trooper, an auto salesman, a massage therapist and a securities promoter in an extortion scheme whereby they

extorted money and stock through the use of threats and violence. Kirchhoff admitted that he agreed with the others, including former N.J. State Police Trooper Peter K. Bethune, of Maple Shade, to have them collect money and/or stock by extortionate means from stock promoters and corporate insiders who had allegedly defrauded Kirchhoff and the other securities promoter.

Bethune and the other co-conspirators are all serving federal sentences for their guilty pleas to charges in connection to the scheme.

Prior new releases concerning the cases mentioned above can be found at:
<http://www.usdoj.gov/usao/nj/press/index.html>

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark, the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William Offord, the FBI's Denver Field Office, under the direction of Special Agent in Charge Richard C. Powers, the National Association of Securities Dealers, Washington, D.C., and the New Jersey State Police, under the direction of Col. Joseph Rick Fuentes, with the investigation.

The government is represented by Assistant U.S. Attorney Deborah Prisinzano Mikkelsen of the Criminal Division in Camden.

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Defense Attorney: Ronald Tanet, Esq. New Orleans, La.