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**FORMER PRESIDENT OF CASHPOINT NETWORK SERVICES PLEADS
GUILTY TO LARGE-SCALE ELECTRONIC CHECK KITING SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, the Assistant Director In Charge of the New York Field Office of the Federal Bureau of Investigation, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation announced that SAMUEL BREVDEH, the former President of CashPoint Network Services, Inc. ("CashPoint"), a huge bill payment business headquartered in Manhattan with operations in New York and numerous other states, pleaded guilty today in Manhattan federal court to conducting a large-scale electronic check kiting scheme at CashPoint.

According to the one-count criminal information to which BREVDEH pleaded guilty, CashPoint collected bills on behalf of numerous utilities and government agencies, including Con Ed, Verizon, Entergy, and the New York City Housing Authority. Individual customers of these utilities could pay their monthly bills at neighborhood payment centers, which entered into contracts with CashPoint and were known as CashPoint's "agents." After customers paid their bills, CashPoint forwarded the payment information to the appropriate utility or government agency, who would then credit the customer's account.

According to the Information, after CashPoint agents collected a batch of payments, the agents would deposit the money into various bank accounts. CashPoint would then initiate electronic debits under the Automated Clearinghouse (or "ACH") system that would move money from these bank accounts into larger bank accounts CashPoint held at various banks, including JP Morgan Chase ("Chase"), Mellon Bank ("Mellon"), Sun National Bank ("Sun") and North Fork Bank. CashPoint paid the utilities and government agencies it serviced from funds in these larger bank accounts.

In a plea hearing before Magistrate Judge MICHAEL H.

DOLINGER, BREVDEH admitted that CashPoint began to operate at a shortfall because CashPoint agents were late in sending money from bill payments or not sending money at all. In order to cover up this shortfall, BREVDEH admitted that he electronically kited debits on various accounts controlled by CashPoint.

Specifically, the Information charges that BREVDEH and others initiated numerous bogus electronic (or ACH) debits of accounts. In many cases, these debits were of accounts of CashPoint agents that had been closed or accounts of agents that BREVDEH knew were not backed by sufficient funds. BREVDEH knew that these debits would be returned or would "bounce," but he exploited the time interval before the debits bounced to fraudulently gain access to funds and use those funds for CashPoint's ongoing operations. When the bogus debits did bounce, BREVDEH and others initiated other bogus debits to cover the shortfall in funds. The Information also charges that BREVDEH attempted to conceal the scheme from the banks by providing false explanations for returned debits.

The Information further charges that, in connection with periodic reviews that various banks conducted of CashPoint's financial condition, BREVDEH and his co-conspirators submitted false financial statements to Chase, Mellon and Sun, among other banks, that inflated CashPoint's revenues and concealed its liabilities.

BREVDEH is charged with conspiracy to commit bank fraud, wire fraud and mail fraud. He faces a maximum sentence of 30 years' imprisonment and a maximum fine of \$1,000,000 or twice the gross gain or loss resulting from this offense.

BREVDEH, age 40, resides in Brooklyn, New York. After his plea, he was ordered released on a \$200,000 personal recognizance bond by Judge DOLINGER. BREVDEH will be sentenced by United States District Judge DENNY CHIN at a date to be determined.

Mr. GARCIA praised the investigative efforts of the FBI and the DOI in this case.

Assistant United States Attorney JONATHAN S. ABERNETHY and is in charge of the prosecution.

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