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Two Masterminds of \$13 Million International
Fraud Scheme Convicted in Federal Court

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NEWARK – A jury today convicted two Florida men on all counts in connection with an international commodities fraud scheme and “boiler room” operation, in which investors in New Jersey and across the country lost at least \$13 million, U.S. Attorney Christopher J. Christie announced.

Charles Paul Hoffecker, 53, of Pompano Beach, Fla. and Charles Edward Myers, 65, of Fort Lauderdale, Fla., were each convicted of one count of conspiracy to commit mail and wire fraud and three counts each of mail fraud.

Following a three-month trial in which the testimony portion began on Jan. 3, the jury convicted the two men after approximately 15 hours of deliberations over three days. It was the second trial against Hoffecker and Myers, the first having ended in a mistrial with a hung jury on Aug. 11, 2004. The two were initially charged in February 2003.

“Hoffecker and Myers passed themselves off as legitimate commodities brokers and were sophisticated enough to steal a great deal of money from many people,” said Christie. “We’re happy a jury saw them for what they really are – international con-men. We will seek the maximum penalties allowed under the law at sentencing.”

Under the advisory U.S. Sentencing Guidelines, both Hoffecker and Myers face a potential sentencing range of between 135 and 168 months in federal prison.

The case was prosecuted by Assistant U.S. Attorneys Robert Kirsch and Bohdan Vitvitsky. U.S. District Judge Katharine S. Hayden scheduled sentencing for June 26. Judge Hayden revoked Hoffecker’s bail and ordered him detained until sentencing. Myers’ bail was increased from \$500,000 to \$1 million secured by real estate, and he will remain under house arrest with electronic monitoring until sentencing.

Hoffecker and Myers owned and operated Amitex Investment Services Ltd., Inc., a Bahamian corporation purportedly engaged in the business of buying and storing commodities, such as gold, silver, copper, and heating oil on a leveraged basis to investors. Customers were solicited by telephone through U.S. boiler rooms, including Global Investments Services, a boiler room secretly owned and controlled by Hoffecker located in Florida and Georgia.

Through Global and Amitex, Hoffecker and Myers represented to clients that they would use investor funds to purchase physical commodities, when in fact no commodities existed. The defendants also promised to lend the investors funds to leverage the purchase of additional commodities at an interest rate of approximately 12 percent. The evidence at trial revealed that no physical commodities were purchased, no loans were made, and nothing was stored.

In 1991, Hoffecker was permanently enjoined from selling commodities on credit by a U.S. District Judge in Florida, in connection with a lawsuit brought by the Federal Trade Commission (FTC). As a result of the prohibition, Hoffecker began operating his fraudulent enterprise offshore to avoid federal regulatory enforcement. Myers was also subject to a lifetime permanent injunction related to the sale of commodities in another action brought by the FTC.

Trial testimony revealed that Hoffecker and Myers defrauded as many as 1,000 people in the U.S. from 49 states, including 19 known victims from New Jersey. Four victims testified and said their losses ranged from \$40,000 to \$120,000. Employees at Global and Amitex testified that these entities mimicked legitimate investment businesses for the purpose of deceiving and defrauding their customers.

Amitex took in at least \$9 million, of which defendant Myers hid more than \$1 million in an off-shore bank account, and had the corrupt company pay his mother and his wife. For his part, Hoffecker funneled more than \$2 million into a private bank account named after his daughters. In addition, Hoffecker, in a secretly recorded conversation, admitted he hid an additional \$1 million in a private bank vault in Ft. Lauderdale, which he kept under a false name.

The losses attributed to the Amitex-Global commodities scam totaled approximately \$13 million.

To infiltrate the investment telemarketing industry and identify fraudulent investment schemes, the FBI and the U. S. Postal Inspection Service created an undercover business located in East Brunswick, N.J., called Commodities Investors Corporation. Hoffecker is alleged to have traveled to New Jersey to recruit the operators of CIC to sell the Amitex investment.

Hoffecker and Myers were charged in Count One of the Indictment with conspiracy to commit mail and wire fraud, which carries a maximum penalty of five years in federal prison and a \$250,000 fine. Both men are charged in Counts Two through Four with mail fraud. Those charges each carry a maximum prison sentence of five years in prison and a \$250,000 fine or, alternatively, two times the gain made by the defendants or the loss suffered by the victims.

In determining an actual sentence, Judge Hayden will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, a defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

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, under the direction of Special Agent in Charge Leslie Wiser, Jr., in Newark; and U.S. Postal Inspectors, under the direction of Postal Inspector In Charge Thomas C. Van de Merlen , with bringing the case against Hoffecker and Myers. Christie also credited the assistance of the U.S. Commodities Futures Trading Commission in Washington, for its significant assistance in the investigation.

The Government is represented by Assistant U.S. Attorneys Bohdan Vitvitsky and Robert Kirsch of the U.S. Attorney's Office Securities and Health Care Fraud Unit.

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Defense Counsel:

Benedict Kuehne, Esq., Miami, Fla., on behalf of Hoffecker

Jon May, Esq., Hollywood, Fla, on behalf of Myers