

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - April 28, 2009

San Diego, CA - United States Attorney Karen P. Hewitt announced that today a federal grand jury sitting in San Diego handed up a fifteen-count indictment charging Richard M. Hersch with Mail Fraud and Conspiracy to Structure Financial Transactions. Hersch was arrested by federal agents from the Federal Bureau of Investigation and Internal Revenue Service on April 16, 2009, at his residence pursuant to a criminal complaint charging him with one count of mail fraud. He remains in custody pending a detention hearing scheduled for April 30, 2009, before U.S. Magistrate Judge Ruben B. Brooks.

According to the indictment, Hersch operated an investment scheme in which he recruited investors by promising returns of two to six percent per week on investments into his company, All States ATM, Inc. Hersch told investors that All States ATM had contracts with major horse racing tracks in California and around the country to operate Automated Teller Machines (ATMs) on the "backside" of the racetrack, an area

used by employees of the racetrack, horse owners, horse trainers and others, and not accessible to the general public. According to the indictment, Hersch also claimed that the contracts his company had with the racetracks allowed him to operate a check-cashing or loan service on the back side of the track for the exclusive use of those with access to the backside of the tracks. Hersch claimed that he had 160 employees and hundreds of ATM, and that his company was in its eighth year of business. The horse racing tracks identified by Hersch report having no contracts with him or All States ATM to provide financial services of any sort. Hersch and others recruited approximately 100 investors to invest approximately \$20 million in All States ATM.

Hersch is scheduled to be arraigned on the indictment on April 30, 2009.

DEFENDANT

CASE NUMBER: 09CR1672-JAH

Richard M. Hersch

SUMMARY OF CHARGES

Count 1-14: Mail Fraud - Title 18, United States Code, Section 1341

Count 15: Conspiracy to Structure Financial Transaction - Title 18, United States Code, Section 371

INVESTIGATING AGENCIES

Federal Bureau of Investigation

Internal Revenue Service - Criminal Investigation

An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.