



U.S. Department of Justice

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For Immediate Release:
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Event: Guilty Verdict

Defendant: Kirkland Dudley

DETROIT BUSINESSMAN CONVICTED OF MILLION DOLLAR FRAUD

A federal jury in Detroit returned guilty verdicts yesterday against a Detroit businessman for defrauding investors of \$1 million in connection with a phony telecommunications scheme, announced Acting United States Attorney Terrence Berg. The jury deliberated about two and a half hours. Mr. Berg was joined in the announcement by Postal Inspector in Charge, Joseph Pirone.

Found guilty was Kirkland Dudley, 58, a businessman and resident of Detroit, Michigan on two counts of wire fraud.

The three day trial was conducted before United States District Judge George Caram Steeh.

Acting United States Attorney Terrence Berg said, "This case shows the risks of investing with unscrupulous individuals who gin up false documents to deceive investors. It showcases the importance of exercising caution and due diligence, although even the most cautious investor can be tricked by outright fraud."

Joseph A. Pirone, Postal Inspector in Charge said, "The conviction of Kirland Dudley marks a victory for all those who entrust their money to others within the U.S. economy. Dudley's conviction demonstrates the Postal Inspection Service's continuing commitment to protect the public."

Kirkland Dudley owned a start-up telecommunications company called GVC Networks, LLC in 2002 and 2003. According to evidence presented at trial, Mr. Dudley defrauded two bridge loan investors, Walter Douglas, owner of Avis Ford in Southfield, Michigan and Theodore Martin, a retired businessman from Florida, out of \$1 million in April and May 2003. Essentially, Mr. Dudley represented that he would use their bridge loan monies to purchase a telecommunications switch facility and fiber optic circuits owned by the bankrupt giant telecommunications company Adelphia Business Solutions Operations. Mr. Dudley deceived the bridge loan investors by providing them with a series of documents indicating that their money would be held in a restricted escrow account with Comerica Bank serving as the escrow agent and would be used solely for the purpose of purchasing the Adelphia equipment for approximately \$2.5 million. Dudley also falsely represented that he had a contract with a Grand Rapids company called US Signal which would lease a significant portion of the fiber optic strands GVC Networks was buying from Adelphia and pay GVC Networks nearly \$2 million in 30 days. In reality, Mr. Dudley arranged to open an account which was not a restricted escrow account and provided the bridge loan investors with a forged contract with US Signal. Dudley then expended the investors monies over the next eight months but lulled them into believing he had still preserved their monies and was still trying to consummate the deal with Adelphia."

Sentencing of Mr. Dudley is scheduled to take place on May 21, 2009 before Judge Steeh. Mr. Dudley faces a maximum penalty of up to twenty years in prison and a fine of \$250,000 or both for the wire fraud offenses alone. The defendant has been permitted to remain on bond pending his sentencing.

The case was prosecuted by Assistant United States Attorney Ross I. MacKenzie and

was investigated by the U.S. Postal Inspection Service.