



*Office of the United States Attorney
District of Arizona*

FOR IMMEDIATE RELEASE
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For Information Contact Public Affairs
SANDY RAYNOR
Telephone: (602) 514-7625
Cell: (602) 525-2681

GILBERT AND TUCSON RESIDENTS ADMIT TO 2.3 MILLION DOLLAR FRAUD

Brothers-in-law committed fraud while one was the director of his company's data center

PHOENIX - Anthony Ambrose McCutcheon, 45, of Gilbert, Ariz., and Warren Joseph Rice, Jr., 42, of Tucson, each pleaded guilty to one count of Conspiracy to Commit Mail and Wire Fraud and one count of Wire Fraud before Magistrate Judge Lawrence O. Anderson in federal district court in Phoenix. McCutcheon's guilty plea was entered on March 26, 2008 and Rice's was entered today. McCutcheon and Rice are brothers-in-law.

McCutcheon and Rice each admitted that from August 12, 1997 through February 2, 2006, while McCutcheon was the Director of First Data Resources, Incorporated's data center located in Chandler, Ariz., he and Rice devised a scheme to defraud First Data Resources, Inc., and First Data Corporation, Denver, Colorado. They did this by making false representations that an Arizona company Rice operated called Andalusia Companies was an entity that would provide goods and services that First Data Resources, Inc. needed to maintain and operate its Chandler Data Center. However, McCutcheon and Rice never intended to provide any goods and services to McCutcheon's employer.

In the course of the nine year conspiracy, McCutcheon prepared numerous false invoices for goods and services and then guided them through his employer's payment authorization process. Upon final authorization of payment for the fraudulent invoices by unsuspecting personnel working with McCutcheon, payments were then made to Rice's Andalusia Companies via checks and electronic fund transfers. Throughout the conspiracy, McCutcheon and Rice obtained total payments of approximately \$2,316,869 from First Data Resources, Inc., and First Data Corporation by means of mail fraud and wire fraud. All the money was initially deposited into a bank account controlled by Rice.

Sentencing for both McCutcheon and Rice is set before Judge Frederick J. Martone on June 16, 2008. A conviction for Conspiracy to Commit Mail and Wire Fraud carries a maximum penalty of five years in prison, a \$250,000 fine or both. A conviction for Wire Fraud carries a maximum penalty of 20 years in prison, a \$250,000 fine or both. In determining an actual sentence, Judge Martone will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

The investigation in this case was conducted by the U.S. Postal Inspection Service. The prosecution is being handled by Frederick A. Battista, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-07-870-PHX-FJM
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