



FOR IMMEDIATE RELEASE
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District of Arizona*

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SCOTTSDALE RESIDENT PLEADS GUILTY TO BANK FRAUD THROUGH CHECK KITING SCHEME

PHOENIX – John T. Quaid, age 40, of Scottsdale, Arizona, pleaded guilty today to Bank Fraud in federal district court in Phoenix.

In the course of his guilty plea, Quaid admitted that during May 31 through June 6, 2006, he executed a check-kiting scheme which fraudulently inflated his account balances with Bank of America N.A. (BOA NA) and USAA Federal Savings Bank (USAA FSB). At that time, Quaid operated multiple business ventures including Security Holdings, LLC, and Property Management & Advisors, LLC, in Scottsdale, Arizona. In furtherance of the scheme, Quaid wrote worthless checks and deposited them into his accounts with the banks which artificially inflating the balances in the accounts. After depositing one worthless check into one account, Quaid then drew a second check on a second account with insufficient funds, and then deposited the second check into the first account to cover the first check. During this brief period, Quaid deposited checks totaling approximately \$1,340,000, most of which were worthless. On June 15, 2006, USAA FSB discovered the scheme after it had caused the two banks to lose approximately \$487,015.00. Quaid admitted that he had illegally obtained the money for his personal use and to fund his business interests. As a result of subsequent civil litigation and negotiations among Quaid and the two banks, Quaid has since repaid all the banks' financial losses as well as their legal expenses.

Sentencing is set before Judge David G. Campbell on Monday, December 8, 2008, at 4:00 p.m. A conviction for Bank Fraud carries a maximum penalty of 30 years, a \$1,000,000 fine or both. In determining an actual sentence, Judge Campbell 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 United States Secret Service. The prosecution is being handled by Frederick A. Battista, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-07-1411-PHX-DGC
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