



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

GAINESVILLE MAN PLEADS GUILTY TO DEFRAUDING INVESTORS OUT OF MORE THAN \$60 MILLION

Gainesville, GA - WENDELL RAY SPELL, 50, of Gainesville, Georgia, pleaded guilty today in federal district court to charges arising out of a scheme to defraud investors out of more than \$60 million.

United States Attorney David E. Nahmias said of the case, "This defendant is charged with using a Ponzi scheme to steal millions of dollars from investors who believed they were making wise investment choices. Members of the public are reminded to use caution when investing their hard-earned money, especially when the promised rates of return sound too good to be true."

According to United States Attorney Nahmias and the information presented in court: From February 2005 through October 2008, WENDELL RAY SPELL was in the business of buying and selling construction equipment in Gainesville, Georgia. SPELL did business in the names of North Georgia Equipment Sales, LLC and Cornerstone International Investments, LLC. In order to keep his failing businesses afloat, SPELL sought and obtained from investors the necessary funds to purchase additional construction equipment, which he said he could re-sell to third parties for a substantial profit. SPELL promised some of the investors that he would split the profits with them on a 50/50 basis, and he promised other investors that he would pay them interest at the rate of 36% per year.

Based upon such promises, SPELL obtained more than \$60 million in investment capital from more than 50 investors in Gainesville, Georgia and elsewhere. SPELL then led the investors to believe that he had used their money to purchase specific pieces of construction equipment, which he knew he had not purchased. SPELL prepared and provided to the investors bogus bills of sale and other counterfeit documents to make it appear that he had purchased certain equipment as promised, thereby lulling the investors into a false sense of security and delaying or preventing their complaint to law enforcement authorities, and leading them to invest additional funds in his fraudulent scheme. SPELL used a substantial portion of the fraud proceeds to pay phantom "profits" to the investors, to pay his own personal expenses, and to purchase a variety of real and

personal property for himself and his family members.

SPELL was charged in a Criminal Information with one count of wire fraud, to which he pleaded guilty. He could receive a maximum sentence of 20 years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

A sentencing date has not yet been scheduled before United States District Judge William C. O'Kelley.

This case is being investigated by the Federal Bureau of Investigation, the Georgia Bureau of Investigation (GBI) Region 8 Investigative Office, the GBI High Technology Unit, and the Criminal Investigations Division of the Hall County Sheriff's Department.

Assistant United States Attorneys Russell Phillips and Gerald Sachs are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.