

NEWS RELEASE

Office of Attorney General Janet Napolitano

State of Arizona
Department of Law
1275 West Washington Street
Phoenix, Arizona 85007-2926

FOR IMMEDIATE RELEASE

October 29, 1999

**DEFENDANT IN \$5 MILLION PONZI SCHEME INDICTED
ON 26 FELONY COUNTS OF THEFT AND FRAUD**

(Phoenix, AZ) - Attorney General Janet Napolitano today announced the indictment of a defendant who allegedly operated a pyramid scheme disguised as an investment company. Charles Richard Rietz of Gilbert (DOB 7/26/42) allegedly told investors their money would be put into Western Executive Group, Inc. and Cash Systems USA, Inc. to be used to purchase automatic teller machines (ATMs). However, few ATMs were actually purchased and much of the \$5.1 million Rietz collected was used for his own benefit for unauthorized purposes and to pay people who invested at the beginning of the endeavor.

Victims invested from nearly \$12,000 to \$191,000 in Rietz's companies from May of 1995 through December of 1996. Rietz was indicted on 26 counts of theft, fraud and illegally conducting an enterprise. Rietz's initial appearance is scheduled for November 4th in Maricopa County Superior Court. If convicted on all counts, Rietz faces up to 35 years in prison, restitution and fines.

The Attorney General's Office received assistance with its investigation from the Securities Division of the Arizona Corporation Commission and the U. S. Securities and Exchange Commission.

An indictment is a criminal charge only. All individuals are presumed innocent until proven guilty.



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: March 16, 2001
CONTACT: Heather Murphy (602) 542-0844

GILBERT MAN PLEADS GUILTY TO THEFT OF INVESTORS' FUNDS

PHOENIX—Charles Richard Rietz, of Gilbert pled guilty in Maricopa County Superior Court to one count of theft for operating an illegal investment scheme. Rietz, who was indicted in October of 1999, conducted the investment scheme through Western Executive Group, Inc. and Cash Systems USA, Inc. An investigation by the Arizona Corporation Commission's Securities Division in cooperation with the Arizona Attorney General's Office and the United States Securities and Exchange Commission resulted in the criminal prosecution of Rietz.

Under the plea agreement in this case, Rietz agreed to pay restitution of up to \$3,567,083.39. On May 11, a sentencing and restitution hearing will be held. The Superior Court may sentence Rietz either to probation or to imprisonment for up to 12.5 years.

Rietz raised money from 129 investors to purchase automatic teller machines (ATMs) and create a network of ATM machines. Rietz admitted that he diverted the investors' funds to another of his companies. Rietz purchased ATM machines, but he sold more than he purchased and used the remaining funds for unauthorized purposes, including refunding money to investors in unrelated investments, paying his personal expenses and giving cash gifts or "loans" to friends.

The United States Securities and Exchange Commission had previously filed a civil action against Rietz, alleging the schemes violated securities laws. In 1996, the SEC obtained an injunction and receivership against Rietz. This case is not the first time that Rietz has run afoul of regulations involving investments. In the 1976, the California Corporation Commission issued a cease and desist order against Rietz. The SEC obtained its first injunction against Rietz in 1978. The Commodity Futures Trading Commission followed with a cease and desist

order and a \$12,500 fine in 1982. In 1991, both California and the Arizona Corporation Commissions issued cease and desist orders against Reitz, at which time the Arizona Corporation Commission imposed a \$16,000 civil penalty.

The Arizona Corporation Commission issued a news release on March 13 about the agency's cooperation with 25 other states in a crackdown on bogus ATM and payphone schemes. In addition to prosecuting against companies or individuals offering fraudulent investments, the coordinated enforcement action will protect investors by bringing attention to problems with this type of investment offering. The release is available at www.ccsd.cc.state.az.us. The public is encouraged to investigate investment opportunities before investing by contacting the Securities Division at (602) 542-4242, toll free at 1-877-811-3878, or visiting its website at www.ccsd.cc.state.az.us.

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