

# OUR TOWNS

## Man admits fraud, money laundering

*David Fleisher tried to bilk 4,000 companies in a telemarketing scam run out of his Huntingdon Valley offices.*

By RICK MARTINEZ  
Staff Writer

PHILADELPHIA — The scam worked something like this, authorities said.

Richboro resident David Fleisher or an employee would call a church, school, hospital or other business and say his company could save it a lot of money through bulk buying.

Authorities said the telemarketers would often lie about the price of the merchandise and tell the buyer the two companies (his and theirs) had a long business relationship, when in fact they didn't.

Once a sale was made, Fleisher would send an extraordinarily inflated bill, offi-

cialists said. For example, in one case he charged a company \$420 for a case of lubricant he had bought for \$30.

If a company employee questioned a bill, he would say the product was worth the extra money or blame a clerical error and promise to take the excess charges off the next bill. And the bogus bills would keep on coming, officials said.

Fleisher also tried to bribe purchasing agents, officials said.

If you think this was a nickel-and-dime scam, then think \$12 million worth of nickels and dimes.

That's how much Fleisher and his firm tried to scam from 4,000 companies and institutions around the country, officials said. Fleisher's company sold industrial and commercial supplies, including lubricant and trash can liners.

In U.S. District Court in Philadelphia Tuesday afternoon, Fleisher, 52, pleaded guilty to three counts of mail fraud and one count of money laundering. When sentenced by Judge Curtis Joyner on July 12, he faces up to 35 years in prison and \$400,000 in fines.

When the judge asked Fleisher at Tuesday's hearing what he did with his "ill-got-

ten gains," a soft-spoken Fleisher said he lived the good life.

"We went on vacations, bought nice cars, bought nice clothes and got carried away with the money, with the greed," said Fleisher, a resident of the first block of Misty Meadow Drive in Richboro.

Assistant U.S. Attorney Mitchell Goldberg would not reveal how much of the \$12 million in fraudulent billings Fleisher actually collected through the scam. He said some of the companies were local, but he did not have their names.

Goldberg said he couldn't discuss how investigators snared Fleisher. He did say Fleisher's firm is only one of an unspecified number of companies being investigated in a large-scale, ongoing probe of telemarketing by the Federal Bureau of Investigation, the U.S. Postal Inspection Service and the Internal Revenue Service.

Even before Tuesday's guilty plea, Fleisher agreed to liquidate some assets and forfeit \$1.3 million as part of his plea bargain on the money-laundering charges, Goldberg said.

The money-laundering charge stemmed from Fleisher using the money he obtained through fraud to promote and operate his

telemarketing business.

According to court records, Fleisher worked his scam under many names as well as many guises.

Sharp Industries, Saturn Industries, Polaris Industries, TransAmerica and Chem Tech were just some of the names he and his partner called their Huntingdon Valley-based company at 1458 County Line Road.

That business partner has not been charged, said Goldberg. The newspaper is withholding his name. No other employees have been arrested either.

In addition to inflated product prices and bogus bills, authorities said Fleisher sometimes attempted to bribe company purchasing agents. He would offer them gifts or financial kickbacks to be sent to their home addresses as an inducement for the agents to pay the exorbitant prices listed on the sales invoices, prosecutors said.

Asked whether any purchasing agents accepted kickbacks and, if so, had been charged, Goldberg said only that the investigation is ongoing.

Referring to the scope of the scam, Goldberg said, "They threw as many darts as they could on the board to see which ones stuck."

Phila Daily News 2/6/02

## Swindler sentenced to a year and a day in jail

By **JIM SMITH**  
[smithjm@phillynews.com](mailto:smithjm@phillynews.com)

Lee Lerman, who was sentenced yesterday to a year and a day in prison for fraud, had been the consummate swindling telemarketer, operating out of leased office space in Cherry Hill, N.J.

He admittedly bribed purchasing agents so he could grossly overcharge schools, churches, nursing homes, hotels and other companies nationwide for light bulbs, trash can liners and other supplies that he and his employees sold over the telephone.

For example, he'd charge \$848 for a box of 60 four-foot fluorescent tubes that he bought for \$68.

And he gladly bribed buyers who ordered his overpriced goods with gift certificates valued from 5 percent to 10 percent of the bill, said Assistant U.S. Attorneys Jeffrey W. Whitt and Mitchell S. Goldberg.

Lerman's companies, United Industrial Supply and Atlas Products, took in more than \$3 million between 1993 and May 1998, when an investigation by federal authorities, including the FBI, the IRS and Postal Inspectors, put Lerman out of business.

Lerman, 37, formerly of the Society Hill Towers, 2nd and Locust streets, pleaded guilty earlier to mail fraud and money laundering.

U.S. District Judge John R. Padova ordered Lerman to spend six months in a halfway house and six months under house arrest after he serves his prison term.

Sentencing guidelines called for at least 46 months in jail but the judge gave Lerman a big break because his testimony has led to the arrest of two other scamming telemarketers.

Lerman has already paid \$1.4 million to the government.

He and his wife now run a cosmetic shop in Center City, and he's been active in charity work, said his attorneys, John Rogers Carroll and Ellen C. Brotman.

Lerman operates a not-for-profit charitable Web site called "Angels Around the World," that enables donors to post items that they want to give away. ★

# SNUFFING OUT A MAJOR SUPPLY SCAM IN PHILADELPHIA

*By Paula Kurtzweil Walter  
Federal Trade Commission*

In one of the largest telemarketing fraud cases of its kind, a Pennsylvania man was sentenced to eight years in prison last fall for operating a maintenance supply scam that attempted to defraud more than 21,000 churches, schools, nursing homes, and other organizations across the country out of more than \$12 million.

businesses by salespeople whom Tunick and Fleisher had hired and trained. The salespeople were trained to find out who was responsible for the business' purchasing, such as the maintenance supervisor, and then to speak to that person. They often misrepresented their company's previous business dealings with the person or company that they were calling.

The case was prosecuted by Assistant U.S. Attorneys Mitchell Goldberg and Jeffery Witt of the Eastern District of Pennsylvania.



Once the salespeople got through to the people in charge of purchasing, they told them they were sending a free premium, or "gift," usually a Sears gift certificate or a money order, along with a copy of the telemarketer's

The two-week trial of Edward Tunick included testimony from more than 40 witnesses and tape-recorded evidence collected by undercover federal agents posing as purchasing agents.

current product catalog.

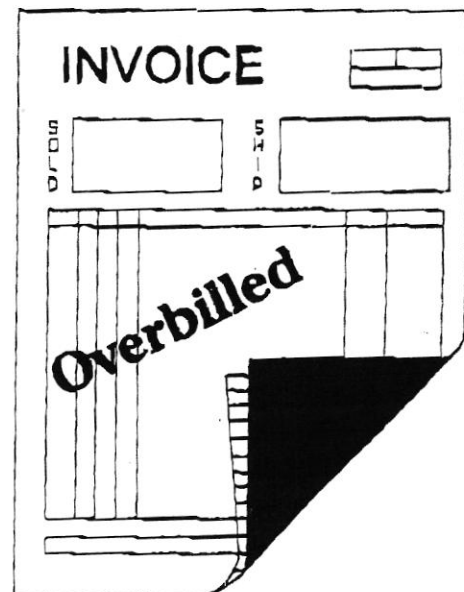
Tunick's accomplice, David Fleisher, pleaded guilty in April 2000 to multiple counts of mail fraud and money laundering conspiracy and, as part of a plea agreement, forfeited more than \$1.3 million.

The task force's investigation found that the gift served as a kickback: The gift was given to entice purchasing agents to feel obligated to approve payments for excessively priced merchandise. Typically, the salespeople tried to get the home address of the purchasing agents, as well. The goal was to develop relationships with purchasing agents so that the purchasing agents would buy the telemarketer's merchandise and approve payment of their overpriced supplies, some marked up more than

The two men, both from Bucks County, Pa., engaged in a nationwide commercial telemarketing fraud scheme that was uncovered in an investigation by the Telemarketing Fraud Task Force, a Philadelphia-based group headed by FBI special agent Jerri Williams and U.S. Postal Inspector Ed Maytas and included participation by IRS Criminal Investigation agent Charles Conroy.

The investigation found that, from 1993 to 1998, Tunick and Fleisher, operating under the names Sharp Industries, Saturn Industries, Polaris Industries, Trans-American, or Chem Tech., deceived businesses into buying penetrating oil, silicon spray, trash bags, fluorescent lights, and other maintenance supplies at excessively high prices.

1,000 percent of the fair market price. In exchange, the purchasing



## THE SCHEME AT WORK

The scheme usually began with the "cold call" or "cold pitch," an unsolicited call to unsuspecting

*(Continued on page 8)*

# FraudBusters!

## PHILADELPHIA CASE (Continued from page 7)

agent got a kickback of about 10 percent of the invoiced price. In some instances, Tunick and Fleisher offered bribes of thousands of dollars.

The scheme depended on the purchasing agents to approve the invoices without the accounts payable department finding out. Tunick handled the initial sales, and Fleisher was responsible for existing accounts. He sold the victim company additional products at inflated prices. This re-sale process continued until someone at the victim company finally detected the overbilling.

When the fraud was detected and someone at the victim company called to complain, Fleisher and Tunick tried to save the sale by offering to reduce the price or making misrepresentations about the collections aspects of the scheme. For example, they would say that the invoiced price was the result of a clerical error or that the item sold was of superior quality. If the victim company refused to pay, Fleisher and Tunick allowed them to return the merchandise to avoid drawing attention to their billing practices.

Another part of the scheme involved what Fleisher and Tunick referred to as a "shot." After learning that a purchasing agent from a victim company had

died or left the company, they would send unordered products to the company in the deceased or former employee's name, giving the appearance that the former employee had ordered the product.

### FEDERAL ACTION

Federal agents began investigating Fleisher and Tunick in 1997 after an informant advised the Telemarketing Fraud Task Force on the large-scale scope of the commercial telemarketing problem in the Philadelphia area.

In May 1998, federal agents with the Task Force searched Tunick and Fleisher's business, seizing thousands of documents, including all the fraudulent invoices Tunick and Fleisher sent since 1993 and worksheets detailing how victim companies were lied to about the pricing of products.

A federal grand jury sitting in the U.S. District Court for the Eastern District of Pennsylvania indicted Tunick in May 2000 on nine counts of mail fraud and one count of money laundering conspiracy. He was found guilty of all charges in September 2001, following a trial in which purchasing agents testified to taking bribes from Tunick in exchange for authorizing payment of exorbitantly priced supplies. Some said they had been charged 10 times the average retail price for inferior products. The government's evidence also included tape recordings obtained from an undercover sting operation in which federal agents posed as purchasing agents.

Following the trial, U.S. Attorney Patrick Meehan issued this warning to other office supply scam artists: "There are thousands of innocent victims in cases like this. This office takes fraud very seriously and is committed to protecting potential victims by making sure those who initiate and conduct such scams face serious consequences."

Tunick is now serving eight years at the Fort Dix (N.J.) Federal Correctional Institution.

*Paula Kurtzweil Walter, a writer in the FTC's Office of Consumer and Business Education, is editor of FraudBusters!*



BUCKS COUNTY  
**Courier Times**

LOCAL NEWS

NORTHAMPTON

**Man pleads in \$12M scheme**

By **RICK MARTINEZ**  
 Courier Times

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**Wednesday, April 12, 2000**

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PAK 12 137