



NEWS RELEASE

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WESTERN DISTRICT OF MISSOURI

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MARCH 14, 2003

FOR IMMEDIATE RELEASE

ST. JOSEPH MAN SENTENCED IN CHECK KITING SCHEME

KANSAS CITY, Mo. – Roseann Ketchmark, First Assistant United States Attorney for the Western District of Missouri, announced that a St. Joseph, Mo., man was sentenced in federal court today for a check kiting scheme that involved the use of the bank account of his local Blimpies store.

Joshua R. Nelson, 32, of St. Joseph, Mo., was sentenced by U.S. District Judge Fernando J. Gaitan, Jr., this morning to five months in federal prison without parole. The court also ordered **Nelson** to serve three years of supervised release, including five months of home detention. Ketchmark noted that **Nelson** has already paid \$117,443.16 in restitution to the St. Joseph bank that was victimized in the check kiting scheme.

On Nov. 1, 2002, **Nelson** pleaded guilty to bank fraud. By pleading guilty, Ketchmark said, **Nelson** admitted that he was kiting checks between two separate checking accounts at two St. Joseph banks; one account under the name of Josh Nelson Corporation, d/b/a Blimpies, and the other account under the name ECM, Inc., from Oct. 1, 2001 to Nov. 30, 2001.

Check kiting, Ketchmark explained, is a systematic scheme to defraud, whereby non-sufficient funds checks are traded, or cross-deposited, between two or more checking accounts to artificially inflate the account balances. This artificial inflation of the account balances is accomplished by using the float time in the bank accounts. Once bank account balances are artificially inflated, Ketchmark added, checks that would normally be returned for non-sufficient funds are, instead, unwittingly paid by the issuing bank.

Nelson admitted to writing non-sufficient funds checks on each of the two accounts, then depositing those checks in the other account. Between Sept. 1 and Nov. 23, 2001, Ketchmark said, **Nelson** wrote 31 checks drawn on those two accounts, which were cross-deposited into the Blimpies' and ECM accounts so as to artificially inflate the account balances. The result was that

Nelson deposited a total of \$1,976,366.06 into his two checking accounts; however, of that amount only \$491,753.75 came from valid sources. Ketchmark added that the bulk of the legitimate funds were actually deposited in September, prior to when the kite began. About 75 percent of the remaining deposits came from the 31 kited, non-sufficient funds checks.

The case was prosecuted by Assistant U.S. Attorney Sheryle L. Jeans. The case was investigated by the Federal Bureau of Investigation.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow