



Department of Justice

United States Attorney Gregory G. Lockhart
Southern District of Ohio

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CONTACT: Fred Alverson
614-469-5715

FAIRFIELD GRAVEL SUPPLY OWNER PLEADS GUILTY TO BANK FRAUD

Admits \$1.7 million "check kiting" scheme

CINCINNATI – Gary L. Varney, age 55, of Amelia, pleaded guilty in United States District Court here today to one count of bank fraud for moving money back and forth between checking accounts of two gravel supply companies he owned, Varney Dispatch, Inc. and PPV, Inc., in order to artificially inflate the balances of the accounts in a scheme commonly referred to as "check kiting."

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division (FBI) announced the plea entered today before Chief U.S. District Judge Susan Dlott.

Varney engaged in "internal check-kiting" among the accounts held by Varney Dispatch and PPV, in which he would deposit into each of four commercial checking accounts 10 to 14 checks each day written against the commercial checking account of the other company (for example, depositing 10 checks written on the Varney Dispatch account into the PPV account), in order to falsely inflate the balance of these accounts so that the checks drawn on the related controlled disbursement accounts would be cleared by Fifth Third Bank prior to the one-day float period.

Varney then wrote checks against the accounts of both Varney Dispatch, Inc. and PPV, knowing that he thereby obtained funds to which he was not entitled, and knowing that there were insufficient funds in the related commercial checking accounts of VDI and PPV for such checks to clear, because he had falsely inflated the balances of the related commercial checking accounts through his check-kiting scheme.

The loss to Fifth Third as a result of the defendant's scheme to defraud was approximately \$1,710,149.00.

Bank fraud is punishable by up to 30 years imprisonment. Judge Weber will set a date for sentencing.

Lockhart commended the FBI agents who conducted the investigation, as well as Assistant U.S. Attorney Anne L. Porter, who is prosecuting the case.

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