Two U.S. Citizens Arrested in Costa Rica in Connection with Business Opportunity Fraud Ventures

June 16, 2010

Scales of Justice

Miami, FL (RPRN) 06/16/10 — Two U.S. citizens charged in connection with the operation of a series of fraudulent business opportunities were arrested today in Costa Rica following their indictment by a federal grand jury in Miami on March 9, the Justice Department and the U.S. Postal Inspection Service announced today. Silvio Carrano and Patrick Williams were arrested based on charges that they and their co-conspirators purported to sell vending machine, beverage and greeting card business opportunities, including assistance in establishing, maintaining and operating such businesses.

A third defendant, Donald Williams, was arrested in Houston on May 7, based on the same charges. Authorities are continuing to search for the fourth defendant, Gregory Britt Fleming, also named in the indictment. The charges in the indictment form part of the government's continued nationwide crackdown on business opportunity fraud.

Beginning in June 2004, Carrano, Patrick Williams, Donald Williams, Fleming and their coconspirators are alleged to have fraudulently induced purchasers in the United States to buy business opportunities in Apex Management Group Inc., USA Beverages Inc., Twin Peaks Gourmet Coffee Inc., Cards-R-U Inc., Premier Cards Inc., The Coffee Man Inc. and Nation West Distribution Company. According to the indictment, the business opportunities the defendants sold cost thousands of dollars each, and most purchasers paid at least $10,000. Each company operated for several months, and after one company closed, the next opened. The various companies used bank accounts, office space and other services in the Southern District of Florida and elsewhere.

The indictment alleges that the defendants, using aliases, participated in a conspiracy that used various means to make it appear to potential purchasers that the businesses were located entirely in the United States. In reality, Carrano, Patrick Williams, Donald Williams and Fleming operated out of Costa Rica to fraudulently induce potential purchasers in the United States to buy the purported business opportunities, the indictment alleges.

According to the indictment, the companies made numerous false statements to potential purchasers of the business opportunities. Among the misrepresentations alleged in the indictment are that purchasers would likely earn substantial profits; that prior purchasers of the business opportunities were earning substantial profits; that purchasers would sell a guaranteed minimum amount of merchandise, such as greeting cards and beverages; and that the business opportunity worked with locators familiar with the potential purchaser's area who would secure or had already secured high-traffic locations for the potential purchaser's merchandise stands. Potential purchasers also were falsely told that the profits of the companies were based in part on the profits of the business opportunity purchasers, thus creating the false impression that the companies had a stake in the purchasers' success and in finding good locations.

The indictment alleges that the companies employed various types of sales representatives, including fronters, closers and references. A fronter spoke to potential purchasers when the prospective purchasers initially contacted the company in response to an advertisement. A closer

subsequently spoke to potential purchasers to close deals. References spoke to potential purchasers about the financial success they purportedly had experienced since purchasing one of the business opportunities.

The indictment alleges that Carrano, aka Bob Orr, John Kirby, Paul Bently and Dave Jakovich, was a fronter and reference for USA Beverages, a fronter and reference for Twin Peaks, a fronter and reference for Cards-R-Us, a reference for Premier Cards, and a reference for Coffee Man. He was also listed on a corporate document as the treasurer of USA Beverages.

The indictment alleges that Patrick Williams, aka Bill Gardner, Peter Burns, David Price and Matt Skaggs, was

a fronter for Apex, a locator and reference for USA Beverages, a fronter and reference for Twin Peaks, a fronter and reference for Cards-R-Us, a reference for Premier Cards, a reference for Coffee Man, and a fronter and reference for Nation West.

The indictment alleges that Donald Williams, using assumed names, was a fronter for USA Beverages, a fronter and reference Twin Peaks, a fronter and reference for Cards-R-Us, and a fronter and reference for Premier Cards.

The indictment alleges that Fleming, using assumed names, was a fronter for USA Beverages, a fronter and reference for Twin Peaks, and a fronter and reference for Nation West.

United States Department of Justice

"Business opportunity fraud is serious. It imposes significant financial hardship on innocent, hardworking victims," said Tony West, Assistant Attorney General for the Justice Department's Civil Division. "The Department of Justice will continue its push to prosecute those who defraud Americans to make a quick buck."

Each of the companies was registered as a corporation and rented office space to make it appear to potential purchasers that its operations were fully in the United States. Apex was registered as a Florida corporation and rented office space in Ft. Lauderdale, Fla., while USA Beverages was registered as a Florida and New Mexico corporation and rented office space in Las Cruces, N.M. Twin Peaks was registered as a Florida and Colorado corporation and rented office space in Fort Collins, Colo., and Cards-R-Us was registered as a Nevada corporation and rented office space in Reno, Nev. Premier Cards was registered as a Colorado and Pennsylvania corporation and rented office space in Philadelphia, and The Coffee Man was registered as a Colorado corporation and rented office space in Denver. Nation West was registered as a Colorado corporation and also rented office space in Denver.

All four defendants were charged with conspiracy to commit mail and wire fraud, and with committing their offenses via telemarketing. In addition, Carrano was charged with 10 counts of mail fraud and three counts of wire fraud; Patrick Williams was charged with 10 counts of mail fraud and three counts of wire fraud; Donald Williams was charged with eight counts of mail fraud and three counts of wire fraud; and Fleming was charged with six counts of mail fraud and one count of wire fraud.

If convicted, Carrano, Patrick Williams, Donald Williams and Fleming face a maximum statutory term of 25 years in prison, a possible fine and mandatory restitution on the conspiracy count. They also face a maximum statutory term of imprisonment of 25 years on each of the mail and wire fraud counts, a possible fine and mandatory restitution.

"This international and domestic investigation illuminates the Postal Inspection Service's resolve to protect the American public from business opportunity scams," said Henry Gutierrez, U. S. Postal Inspector in Charge in Miami.

The United States intends to seek the extradition of Carrano and Patrick Williams from Costa Rica.

Anyone with information regarding the whereabouts of Gregory Britt Fleming should contact the U.S. Postal Inspection Service in Miami at 954-436-7200 954-436-7200

Assistant Attorney General West commended the investigative efforts of the Postal Inspection Service as well as law enforcement authorities in Costa Rica and the Department of State's Diplomatic Security Service, both of which provided significant assistance in the location and apprehension of Carrano and Patrick Williams. The case is being prosecuted by trial attorneys Jeffrey Steger and Alan Phelps with the U.S. Department of Justice Office of Consumer Litigation.

An indictment is merely an allegation, and every defendant is presumed innocent until proven guilty beyond a reasonable doubt.

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Civil Division

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