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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, May 10, 2011

**Man Convicted in Miami in Connection with Costa Rica-Based Business Opportunity Fraud Ventures**

WASHINGTON – Following a two-week trial, a federal jury in Miami today convicted Sirtaj “Tosh” Mathauda on 12 felony counts related to a fraudulent business opportunity scheme, the Justice Department announced. The jury convicted Mathauda of conspiracy, nine counts of mail fraud and two counts of wire fraud.

A federal grand jury returned a second superseding indictment again Mathauda on March 30, 2010, charging that he and his co-conspirators operated a string of bogus companies known as Apex Management Group, USA Beverages Inc., Omega Business Systems and Nation West Distribution. The companies operated largely out of phone rooms in Costa Rica and marketed to residents in the United States. The companies sold opportunities to own and operate vending machine routes, beverage distributorships and greeting card distributorships. The so-called “business opportunities” were promoted as including retail display racks or vending machines, high-traffic locations in which they would be placed, and assistance in maintaining and operating such businesses. The promises of good locations and business assistance were fabricated.

As the evidence presented at trial showed, Mathauda owned, managed or worked at the fraudulent companies in Costa Rica, one after another, from 2004 through early 2009. Salesmen in the phone rooms told potential customers that the companies were located in the United States and would provide profitable distribution routes for vending machines or retail display racks. Salesmen said that the companies had a track record of success, claims that were backed up by phony references pretending to be satisfied customers of the companies in calls to customers. Many of the references were in reality the salesmen for the companies.

Several of Mathauda’s co-conspirators, including his brother, Dilraj “Rosh” Mathauda, as well as Stephen Schultz, Silvio Carrano, Donald Williams, Patrick Williams and Gregory Fleming, previously pleaded guilty in Miami in connection with their roles in the fraudulent business opportunity scam. All of these defendants were charged as part of the government’s continued nationwide crackdown on business opportunity fraud.

“Business opportunity fraud imposes major 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 to prosecute aggressively those who are exploiting consumers to make a quick buck for themselves.”

Mathauda faces a maximum sentence of 25 years in prison on each count of conviction, a possible fine and mandatory restitution.

“This verdict demonstrates that individuals living outside of the United States will not be allowed to use technology to commit fraud on the American public. This investigation illustrates our resolve to protect American consumers from business scams, wherever they occur,” said U.S. Postal Inspector in Charge, Henry Gutierrez, based in Miami.

Assistant Attorney General West commended the investigative efforts of the Postal Inspection Service, as well as the Federal Trade Commission, which previously brought a related civil suit and made a criminal referral. This matter was prosecuted by trial attorneys in the Justice Department’s Office of Consumer Protection Litigation.

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Civil Division



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