

Department of Justice

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Western District of New York

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ORCHARD PARK MAN SENTENCED FOR INVESTMENT FRAUD

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that James E. Rotterman, 33, of Orchard Park, N.Y., who was convicted of wire fraud and tax charges, was sentenced to six years in prison by U.S. District Judge Richard J. Arcara. Rotterman was also ordered to pay restitution of over \$4,500,000.00

Assistant U.S. Attorney Gretchen L. Wylegala, who handled the case, stated that in 2006, the defendant, using two companies he formed, JRCG Holdings, LLC and Warlord Media, LLC, began to advertise that he had businesses for sale on an internet site, www.BizBuySell.com.

The businesses Rotterman touted were allegedly profitable merchant portfolio accounts, which were to provide a cash flow to the investor. The defendant provided prospective investors information about the businesses via email, and provided financial documents demonstrating how successful the businesses were, including false profit statements and falsified bank statements and tax returns. Rotterman successfully attracted hundreds of investors who sent him over \$6,000,000 between 2006 and 2010.

All of these representations made about the businesses for sale were false. Rotterman had no businesses to sell. The financial documents he provided were either made up, or altered to show large income. Any "cash flow" received by the investors was in fact from their own, or other investor funds. The remaining cash was used by Rotterman to support his lifestyle, and to pay off large gambling obligations. The government believes that the losses may be as high as \$5,111,000.

In addition, Rotterman failed to account for all the income he received from the investors on his tax returns for the years 2008 and 2009. Tax losses total over \$387,000.

“This case is another example of why it is so important for investors to do their homework,” said U.S. Attorney Hochul. “When making investments, the public should keep in mind that if it sounds too good to be true, it probably is, ask questions, and don’t be rushed or pressured. Only use trusted web sites for conducting your investment or other financial affairs. The public should also feel free visit www.stopfraud.gov for further information.”

The sentencing is the culmination of an investigation on the part of Special Agents of the Federal Bureau of Investigation, under the direction of Christopher M. Piehota and the Internal Revenue Service Criminal Investigation Division, under the direction of Acting Special Agent in Charge Toni Wierauch.

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