



***United States Attorney
Southern District of New York***

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**CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(914) 993-1900, (212) 637-2600**

**MOTHER, FATHER AND THREE ADULT CHILDREN PLEAD GUILTY
IN U.S. COURT TO A PHANTOM GOLD MINE INVESTMENT SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that JAMES RUSSO, RITA RUSSO, ELIZABETH RUSSO, RUDOLFO RUSSO a/k/a "Rudy", and THOMAS RUSSO, from New City, Rockland County, New York, pleaded guilty today before United States Magistrate Judge LISA MARGARET SMITH to charges that they conspired together over a period of more than 15 years to defraud victims around the country through a phony "gold mine" investment scheme and various internet wholesaler schemes, and committed wire fraud in connection with these schemes. JAMES and RITA RUSSO are husband and wife and ELIZABETH, RUDOLFO a/k/a "Rudy" and THOMAS RUSSO are their adult children.

According to the criminal Complaint and Indictment and statements made in open court in White Plains today at the plea proceeding, from about September 1987 through about September 2005, the RUSSOS operated several different schemes to defraud. First, the RUSSOS victimized a number of people both here in the United States and in Europe by creating a fraudulent investment scheme involving an fictitious gold mining operation in Brazil. The RUSSOS induced their victims to give them more than \$2 million over the course of the last 18 years by making a number of false and fraudulent misrepresentations, creating false and fraudulent documents about the existence of the mine and its prospects for sale, and promising their victims they would receive a percentage of the proceeds when the alleged gold mine was eventually sold.

Second, the RUSSOS operated a series of internet wholesaler scams, using the names R & S Wholesale, Russo & Sons Wholesale, GinaLiz Industries, Global Liquidators & Auctioneers, and Action Liquidators. Each of these scams followed a similar pattern: the RUSSOS would incorporate a business and create a website, advertising high-end electronics, home furnishings, and tools, all in original packaging and in new condition, but offered at wholesale prices due to liquidations, closeouts, or overstocks. The RUSSOS would take orders for pallet-sized quantities of this merchandise from customers and direct the customers to wire payment to a designated bank account. Some of the customers never received

any merchandise in exchange for their payment, while others received junk, such as burned-out microwave ovens or broken out-of-date telephones, and still others received crates of extremely low-end merchandise, far different in quality and value than the items ordered.

The RUSSOS operated these phony businesses in Westchester and Rockland Counties, and victimized people all around the United States and abroad. These internet wholesaler schemes have caused losses to victims in excess of \$1.5 million.

The defendants JAMES RUSSO, RITA RUSSO, ELIZABETH RUSSO, RUDOLFO RUSSO a/k/a "Rudy", and THOMAS RUSSO pled guilty to Counts One and Two of the Indictment; the RUSSOS were also charged with various money laundering offenses in the Indictment, although they did not plead guilty to those charges today. On Counts One and Two of the Indictment, they face a maximum sentence of 20 years' imprisonment and a maximum fine of \$250,000 or twice the gross pecuniary loss or gain derived from the offense, on each of the two counts. Sentencing is scheduled for March 2008 before United States District Judge STEPHEN C. ROBINSON.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation and the Criminal Investigation Division of the Internal Revenue Service and thanked them for their assistance in this case.

This prosecution is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorney MARGARET GARNETT is in charge of this prosecution.