



*United States Attorney
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FOR IMMEDIATE RELEASE
DECEMBER 6, 2010

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**PERPETRATOR OF MILLION-DOLLAR "WORK-AT-HOME" SCAM
SENTENCED TO 97 MONTHS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that PHILIP PESTRICHELLO was sentenced last Friday in Manhattan federal court to 97 months in prison for running a "work-at-home" scheme that defrauded consumers nationwide, many of whom were indigent or desperate to earn money, and netted PESTRICHELLO a million dollars. PESTRICHELLO operated his scam between 2007 and his arrest in February 2010, tricking consumers into sending money to him under the pretense that the consumers were enrolling in a program that would allow them to earn money at home by helping to market a "mortgage accelerator" product. Instead, the program was simply a fraud, and PESTRICHELLO kept their funds and did not pay them for their work. PESTRICHELLO previously pled guilty on July 12, 2010, to one count of mail fraud. The sentence was imposed by U.S. District Judge KIMBA M. WOOD.

U.S. ATTORNEY PREET BHARARA stated: "Pestrichello repeatedly preyed on those who were already among the poorest and most vulnerable in our society -- unemployed, homebound, and financially desperate individuals, including stay-at-home mothers, the elderly, and the disabled. He heartlessly scammed these victims out of what little money they had, and gave them false hope of earning a living wage. The sentence imposed on this financial predator truly fits the crime."

As set forth in the Complaint, the Superseding Indictment, statements made at the plea proceeding, and documents filed in the case:

PESTRICHELLO, 38, from Bayville, New Jersey, operated his "work at home" scheme under the names of various business entities including "Preferred Platinum Services Network, LLC," "PPSN, LLC," "the Home Based Associate Program," and "the Postcard Processing Program" (collectively, "PPSN"). Through newspaper, magazine and Internet advertisements, PPSN promised

consumers a steady income and weekly paychecks in return for their labeling of postcards at home that purported to market a product called a "mortgage accelerator." Individuals were told they could earn \$1.00 for each postcard they labeled at home and returned to PPSN. To recruit consumers, PESTRICHELLO sent professional-looking enrollment packets that falsely touted PPSN's "rock-solid reputation" and "Money Back 100% Total Satisfaction Policy." To join the program, consumers were told that all they had to do was pay an up-front enrollment fee, which ranged from \$45 to \$90.

In fact, consumers uniformly lost their money after paying the up-front fee and labeling and returning the postcards as instructed. Moreover, PESTRICHELLO designed the scheme to maximize the amount of money he pocketed from each victim. Thus, although the PPSN brochure said there was a "one-time" enrollment fee, consumers were later told that they needed to keep sending in more money to get more postcards. PPSN's enrollment forms also encouraged consumers to request rush shipping of materials for an additional fee, typically of \$10 to \$15 - causing many victims to pay additional money up front. Consumers were also pressured to return their first set of labeled postcards "within 5 days" or risk delays with their paychecks. By design, this caused many consumers to send in money for second and third batches of postcards before they had received any payment for the first batch. By the time they realized they were not receiving any paychecks at all from PPSN, many consumers had already sent PPSN hundreds of dollars. The supposed 100% money back guarantee was also a scam, designed by PESTRICHELLO to ensure that no consumer ever qualified for a refund.

After consumers complained to PPSN that they did not receive the weekly paycheck, they either received no response from the company or were then told, contrary to PPSN's earlier representations regarding the operation of the program, that the program was a "commission" program, and that they would receive a commission only if and when the postcards they sent out generated a sale on the "mortgage accelerator" product advertised in the postcards. In fact, the Mortgage Accelerator Program itself appears to have been a sham product. PESTRICHELLO also sent threatening letters to victims who publicly complained that PPSN was a scam.

PESTRICHELLO has a 20-year history of defrauding consumers through similar scams. Between 1992 and 2002, PESTRICHELLO was the subject of numerous civil enforcement actions and permanent injunctions by the Federal Trade Commission and law enforcement authorities in New Jersey and Florida for

operating work-at-home schemes and other consumer fraud scams. In 2003, PESTRICHELLO was convicted and sentenced to 36 months in prison for committing another work-at-home scheme under the business name "IMXT & Co." PESTRICHELLO operated PPSN while on supervised release after his release from prison.

In addition to the term of imprisonment, Judge WOOD ordered PESTRICHELLO to pay \$88,011.35 in restitution, and imposed an order of forfeiture in the amount of \$1,000,000.

The case against co-defendant ROSALIE FLORIE, PESTRICHELLO's wife, is still pending.

Mr. BHARARA praised the work of the Newark, New Jersey Division of the U.S. Postal Inspection Service and the U.S. Federal Trade Commission and thanked them for their assistance in this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorney LISA ZORNBERG is in charge of this prosecution.

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