



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

**FOR IMMEDIATE RELEASE
FEBRUARY 3, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**USPIS
THOMAS BOYLE
(212) 330-3049**

**MANHATTAN U.S. ATTORNEY CHARGES HUSBAND AND WIFE
FOR MILLION DOLLAR "WORK-AT-HOME" SCAM**

PREET BHARARA, the United States Attorney for the Southern District of New York, and RONALD J. VERROCHIO, the Inspector-in-Charge of the New York Office of the United States Postal Inspection Service ("USPIS"), announced that PHILIP PESTRICHELLO and ROSALIE FLORIE, husband and wife, were arrested today on charges of running a "work-at-home" scheme that defrauded consumers nationwide and netted them more than a million dollars.

According to the Complaint unsealed in Manhattan federal court today:

The PPSN Scam

Since June 2007, PESTRICHELLO and FLORIE have run a so-called "work-at-home" business that defrauded consumers by tricking them into sending money under the pretense that the consumers were enrolling in a program that would allow them to earn income at home. In fact, the consumers typically got nothing in return for their payment. PESTRICHELLO and FLORIE operated their work-at-home scam 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" (hereafter, referred to collectively as "PPSN").

Using the U.S. mail, the Internet, and classified print advertisements, PPSN promised consumers the opportunity to earn a

"weekly paycheck" by labeling postcards that advertised a product called the "Mortgage Accelerator Program." Consumers were told they could earn \$1.00 for each postcard they labeled.

Statements in PPSN's advertising and mailings to consumers included, for example:

"Would you like an opportunity to earn a \$475 check from home processing Mortgage Products Postcards for our company?"

"EARN \$1.00 PER POSTCARD"

"Rest assured, this is NOT a gimmick or some shady 'get rich quick scheme.' Our company has a rock-solid reputation. . . . As one of our Home Based Associates you could earn \$1.00 (one-dollar) for each Postcard you process and we conveniently offer you weekly compensation directly by Company Check each Friday."

To participate in the program, consumers were required to pay an up-front enrollment fee of \$80 to \$90. The enrollment forms also invited consumers to request rush shipping of materials for an additional fee, typically of \$10 to \$15.

The vast majority of consumers ultimately received no money at all, after paying the up-front fee and labeling and returning the postcards as instructed. Even those few individuals who were paid did not receive anything near the promised payments of \$1.00 per postcard.

Consumers were also led to believe by PPSN's marketing materials that they would have to pay a "one-time" enrollment fee and nothing more. However, after consumers paid their enrollment fee, they were asked for more money to remain in the program. Typically, consumers learned for the first time after paying the enrollment fee that they had to pay an additional fee, usually \$40, for a new batch of 100 postcards for processing.

Consumers were also pressured to return their first set of labeled postcards "within 5 days" or risk delays with their paychecks. This caused many consumers to send in money for second and third batches of postcards before they received 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 between \$150 and \$350.

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, non-existent product.

Although the work-at-home program was marketed as offering a "100% Satisfaction Policy" guaranteeing consumers a refund in the event they are not fully satisfied with the program, refunds were rarely, if ever given. If a refund was in fact given, it was typically only after a consumer had complained to law enforcement authorities.

According to the Complaint, bank records for PPSN show that the company took in more than a million dollars from consumers since it began operating in June 2007. Numerous consumers around the country have complained to federal and state authorities, and to the Better Business Bureau, about being defrauded by PPSN.

Pestrichello's Past History of Operating Similar Scams

As set forth in the Complaint, PESTRICHELLO has a history of operating deceptive work-at-home schemes and other consumer frauds going back to the early 1990s.

Between 1992 and 2002, PESTRICHELLO was the subject of numerous enforcement actions by the New Jersey Division of Consumer Affairs, the Office of the Attorney General in the State of Florida, and the FTC, in connection with his operation of other consumer fraud schemes. Those actions resulted in permanent injunctions barring PESTRICHELLO from engaging in the type of conduct and business alleged in the Complaint.

In 2003, PESTRICHELLO was convicted of mail fraud, in the United States District Court for the Southern District of New York, in United States v. Pestrichello, 03 Cr. 667 (GEL), in connection with the marketing and sale of a work-at-home scheme under the business name "IMXT & Co." He was sentenced to 36 months' incarceration in that case. PESTRICHELLO operated PPSN, while on supervised release after his release from prison.

* * *

PESTRICHELO and FLORIE are each charged with one count of mail fraud. If convicted on these charges, they face a maximum sentence of 20 years in prison. PESTRICHELLO and FLORIE are both 38 years old. They reside in Bayville, New Jersey.

PESTRICHELO and FLORIE will be presented today before U.S. Magistrate Judge Michael Dolinger.

Mr. BHARARA praised the efforts of the United States FTC and the USPIS and thanked them for their assistance in this case. He added that the investigation is continuing.

"Work-at-home scams prey on some of the most vulnerable in our society -- the economically disadvantaged, the unemployed, the disabled, and the elderly -- who are trying to supplement their income by working from home. Philip Pestrichello and Rosalie Florie allegedly did exactly that, preying on the vulnerable and lining their pockets with more than \$1 million of their victims' hard-earned money. Together with our law enforcement partners at the FTC and the U.S. Postal Inspection Service, this Office is committed to ensuring that those who target consumers through fraudulent marketing campaigns are apprehended and prosecuted before they can cause more harm," said U.S. Attorney PREET BHARARA.

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

10-040

###