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FOR IMMEDIATE RELEASE
JUNE 24, 2008

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**RAFFAELLO FOLLIERI CHARGED IN INVESTMENT SCHEME
INVOLVING FALSE CLAIMS ABOUT THE VATICAN**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced that RAFFAELLO FOLLIERI, 29, of Foggia, Italy, was arrested today on wire fraud and money laundering charges. According to the twelve-count Complaint filed today in Manhattan federal court:

From June 2005 through June 2007, FOLLIERI ran a fraudulent real estate investment scheme, falsely claiming that he had close connections with the Vatican that enabled him to purchase Catholic Church properties in the United States at a substantial discount. FOLLIERI claimed that the Vatican formally appointed him to manage its financial affairs and that he met with the Pope in person when he visited Rome, Italy. In reality, FOLLIERI's connections consisted of an administrative employee at the Vatican who was paid by FOLLIERI; FOLLIERI's hiring of a relative of a former Vatican official; meetings with clergy, FOLLIERI's travels with Monsignors; and a reporter for a news publication in Italy. None of these connections entitled FOLLIERI to purchase Church real estate at below-market rates.

Based on his fraudulent representations about his ties to the Vatican, FOLLIERI was able to access and misappropriate hundreds of thousands of dollars in investor money to live a luxurious lifestyle, including expensive restaurants and clothes; dog walking services; an opulent apartment in Manhattan that leased for approximately \$37,000 per month, overlooked Rockefeller Center, and had views of Central Park; medical expenses for his girlfriend at the time and his parents, including a "house call" by FOLLIERI's physician which cost

approximately \$30,000; personal vacations; and flights on privately chartered airplanes to various locations around the world.

In addition, FOLLIERI stole money from an investor by falsely claiming, among other things, that FOLLIERI needed money for an office in Italy that did not exist, and claimed that he spent over \$800,000 for "engineering reports" relating to real estate that did not reflect engineering work and were almost worthless.

FOLLIERI caused hundreds of thousands of dollars in fraudulently obtained proceeds to be wired to a bank account in Monaco that he controlled in order to hide and conceal the source and control of the funds. From late 2006 through early 2007, FOLLIERI's scheme started to unravel, and FOLLIERI's principal investor cut its ties to FOLLIERI and fired him.

FOLLIERI was arrested this morning and is expected to be presented later today before Chief United States Magistrate Judge HENRY PITMAN in Manhattan federal court.

FOLLIERI is charged with one count of conspiracy to commit wire fraud, six counts of wire fraud, and five counts of money laundering. The conspiracy charge carries a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000, or twice the gross gain or gross loss from the offense. Each wire fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000, or twice the gross gain or gross loss from the offense. Each money laundering count carries a maximum sentence of 20 years in prison and a maximum fine of \$500,000, or twice the value of the laundered funds.

Mr. GARCIA praised the work of the FBI in the investigation of this case.

Assistant United States Attorney REED MICHAEL BRODSKY is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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