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Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**RAFFAELLO FOLLIERI SENTENCED TO FOUR AND A HALF YEARS  
IN PRISON FOR FRAUD AND MONEY LAUNDERING**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that RAFFAELLO FOLLIERI, 30, of Foggia, Italy, was sentenced today in Manhattan federal court by United States District Judge JOHN G. KOELTL to 54 months in prison. The sentence follows FOLLIERI's September guilty plea to conspiracy, wire fraud, and money laundering charges which arose from his defrauding investors through false and misleading statements. FOLLIERI, the Chairman and Chief Executive Officer of the Follieri Group in Manhattan, netted over \$2 million from the scheme. According to documents filed in this case, as well as statements made during FOLLIERI's guilty plea and sentencing proceedings:

From 2005 through June 2007, FOLLIERI ran a fraudulent real estate investment scheme, falsely claiming that his connections with the Vatican gave him the right of first refusal to purchase Catholic Church properties in the United States at a substantial discount. FOLLIERI frequently and falsely asserted that the Vatican had appointed him to be its Chief Financial Officer and that he met with the Pope when visiting Rome. In reality, FOLLIERI's connections consisted of an administrative employee at the Vatican whom FOLLIERI secretly paid with investor funds, a relative of a former Vatican official whom FOLLIERI hired, meetings with clergy, and travels with monsignors. FOLLIERI also wired investor money from New York to an account in the Vatican Bank in Rome to promote his relationship with the

None of these connections gave FOLLIERI the right to purchase Catholic Church property over other bidders or the ability to obtain properties at below-market rates. To the contrary, in March 2006, the Secretary of State of the Vatican warned FOLLIERI in writing that FOLLIERI should stop representing that he and his company had ties to the Vatican. FOLLIERI continued to tell investors and others that he was handling the Vatican's financial affairs and that he was the Chief Financial Officer of the Vatican after receiving the warning.

FOLLIERI used the \$2 million in misappropriated investor funds to pay personal charges that included: flowers; cosmetics; clothes; wine; expensive dinners; dog walking services; personal vacations for himself, his parents, and his then-girlfriend; dental expenses for FOLLIERI's father; medical expenses for himself, his parents, and his then-girlfriend; a luxury apartment in Manhattan; and yacht rentals. In May 2006, FOLLIERI used \$18,200 of investor money to settle a lawsuit over expenses incurred during one of his vacations with his then-girlfriend.

FOLLIERI also obtained investor funds by falsely claiming he needed to cover investment-related expenses for, among other things, an office in Italy (which did not exist); \$800,000 in almost worthless "engineering reports" relating to Catholic Church properties; and thousands of dollars for a consulting company in Europe, which was actually a shell company FOLLIERI used to hide his unlawfully obtained money. FOLLIERI also caused hundreds of thousands of dollars in fraudulently obtained proceeds to be wired to bank accounts of shell companies he controlled in Monaco to conceal the source of, and his control of, the funds.

FOLLIERI's scheme started to unravel in late 2006 and early 2007, when FOLLIERI's principal investor cut its ties to FOLLIERI.

In sentencing FOLLIERI, Judge KOELTL stated: "In this case, a substantial sentence is warranted because the defendant engaged in a substantial fraud involving a significant amount of money over a significant amount of time. . .," and noted that "the fraud included the defendant acting on behalf of a religious organization and the defendant used the proceeds on lavish personal expenditures, which compounds the fraud."

In addition to the prison term, Judge KOELTL ordered FOLLIERI to serve 3 years of supervised release and forfeit \$2,440,000, 15 watches, and other precious metals and jewelry.

Judge KOELTL asked the Government to submit a proposed order of restitution for the victims of the fraud within 20 days and to notify all potential victims of FOLLIERI's fraudulent scheme of their right to seek restitution. Judge KOELTL scheduled a hearing to determine restitution on December 12, 2008 at 2:30 p.m.

FOLLIERI has been in federal custody since his arrest

on June 24, 2008.

Mr. DASSIN praised the work of the Federal Bureau of Investigation in the investigation of this case.

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

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