



*United States Attorney  
Southern District of New York*

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**RAFFAELLO FOLLIERI PLEADS GUILTY TO SWINDLING  
INVESTORS AND LAUNDERING THE PROCEEDS OF HIS CRIMES**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York announced today that RAFFAELLO FOLLIERI, 30, of Foggia, Italy, pleaded guilty in Manhattan federal court to conspiracy, wire fraud, and money laundering charges. The charges against FOLLIERI arose from his role in defrauding investors through false and misleading statements about how his alleged Vatican connections could get him Catholic Church properties at below-market prices; his use of investor money; a non-existent office in Italy; purported "engineering reports" concerning Catholic Church properties; and non-existent consulting services. FOLLIERI, the Chairman and Chief Executive Officer of the Follieri Group in Manhattan, netted over 2 million dollars from the scheme.

At today's proceeding before United States District Court Judge JOHN G. KOELTL, FOLLIERI pleaded guilty to one count of conspiring to commit wire fraud, eight counts of wire fraud, and five counts of money laundering. During the proceeding, FOLLIERI admitted his wrongdoing and that he was guilty of these crimes. According to the Information previously filed against FOLLIERI, as well as the statements FOLLIERI made during his guilty plea:

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 FOLLIERI visited Rome. In reality, FOLLIERI's connections consisted of an administrative employee at the Vatican who FOLLIERI secretly paid with investor funds; a relative of a former Vatican official whom FOLLIERI hired; meetings with clergy; and travels with monsignors.

the Vatican Bank in Rome to promote his relationship with the

None of these connections gave FOLLIERI the right to purchase 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 FOLLIERI and his company had ties to the Vatican. FOLLIERI, however, did not stop; even after being warned by the then-Secretary of State of the Vatican to cease and desist making any claims of ties to the Vatican, FOLLIERI told investors and others that he was handling the Vatican's financial affairs and that he was the Chief Financial Officer of the Vatican.

Based on these and other fraudulent representations, FOLLIERI misappropriated over \$2 million in investor money which he used to finance a lavish, jet-setting lifestyle. For example, FOLLIERI misused 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 practically 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 cache 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. On June 24, 2008, FOLLIERI was arrested and remanded to the custody of the United States Marshal. Following his guilty plea, FOLLIERI remains detained pending sentencing.

FOLLIERI pleaded guilty to one count of conspiracy to commit wire fraud, eight 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. As a result of his guilty plea, FOLLIERI faces a maximum sentence of 265 years in prison.

In the plea agreement, FOLLIERI agreed to a money judgment against him in the amount of \$2,440,000 and to forfeit 12 watches and 9 pieces of jewelry.

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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