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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, April 14, 2010

Costa Rica-Based Business Opportunity Fraud Operator Sentenced to 115 Months in Prison by Miami Judge

WASHINGTON – Dilraj "Rosh" Mathauda was sentenced yesterday by U.S. District Court Judge Joan A. Lenard in Miami to a term of 115 months in prison and five years of supervised release for illegally operating a series of Costa Rica-based business opportunity fraud ventures, the Justice Department and the U.S. Postal Inspection Service announced. A hearing to determine the amount of restitution owed by Mathauda will be scheduled within 90 days.

On January 13, 2010, Mathauda pleaded guilty in Miami federal court to conspiracy to commit mail and wire fraud. He was arrested on July 30, 2009, following his indictment by a Miami federal grand jury on June 9, 2009. The indictment charged that Mathauda and his co-conspirators sold beverage and greeting card business opportunities, including assistance in establishing, maintaining, and operating such businesses. The charges form part of the government's continued nationwide crackdown on business opportunity fraud.

Mathauda worked for USA Beverages Inc. and Omega Business Systems Inc. Beginning in 2005, USA Beverages sold business opportunities to own and operate coffee beverage display racks. USA Beverages rented office space in Las Cruces, N.M., to make it appear to potential purchasers that USA Beverages' operations were fully within the United States. However, USA Beverages actually operated from Costa Rica.

Mathauda also worked for Omega, a Wisconsin and Florida corporation, that in 2007 and early 2008 sold business opportunities to own and operate greeting card display racks. Omega rented office space in Madison, Wis., to make it appear to potential purchasers that Omega's operations were fully within the United States. However, Omega actually also operated from Costa Rica as well.

To fraudulently induce others to purchase the business opportunities, Mathauda and his co-conspirators made, and caused others to make, numerous false statements to potential buyers. Potential purchasers were falsely told that the companies were established years earlier, had a significant number of distributors across the country, and had a track record of success. Potential purchasers were referred to references who told false tales of their success as business opportunity owners. Through these and other misrepresentations, purchasers of the business opportunities were led to believe that they would likely earn substantial profits.

"As the prison sentence the court ordered in this case demonstrates, business opportunity fraud is a serious crime," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "This sort of scheme can and does cause major financial hardship for consumers who are trying to start a business and earn a living."

"This sentence illuminates our zeal to bring justice to those who threaten American consumers," said U.S. Postal Inspector in Charge, Henry Gutierrez, based in Miami. "The U. S. Postal Inspection Service, Department of Justice and all their law enforcement partners are dedicated to ensuring tough and appropriate consequences for those who opt to engage in these criminal scams."

"The U.S. Postal Inspection Service remains vigilant in investigating and rooting out business opportunity fraud. Consumers must be aware that false references and empty promises of assistance locating display racks and merchandise are extremely common in this type of scam," added U.S. Postal Inspector in Charge Pete Zegarac, based in Phoenix. "These companies took over the corporate identities of businesses established long ago – so even claims of being in business for many years must be viewed with great caution."

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Assistant Attorney General West commended the investigative efforts of the Postal Inspection Service, as well as the Federal Trade Commission, which previously brought a related civil suit and made a criminal referral. This matter is being prosecuted by trial attorneys in the Justice Department's Office of Consumer Litigation.

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Civil Division

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