



THE COMMON LAW IS THE WILL OF *Mankind* ISSUING FROM THE *Life* OF THE *People*

SEARCH THE SITE

SEARCH

Home » Briefing Room » Justice News

Printer Friendly

JUSTICE NEWS

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, January 22, 2010

### U.S. Citizen Pleads Guilty in Connection with Costa Rica-Based Business Opportunity Fraud Scheme

*Operations Had Connections to Florida, Colorado, Nevada, and New Mexico*

WASHINGTON – Stephen Schultz entered a guilty plea in federal district court in Miami to 12 counts of an indictment pending against him, the Justice Department and the U.S. Postal Inspection Service announced today. Schultz pleaded guilty Thursday to one count of conspiracy to commit mail and wire fraud, eight counts of mail fraud, and three counts of wire fraud. The actions against Schultz are part of the government's continued nationwide crackdown on business opportunity fraud.

Schultz was arrested on Dec. 12, 2008, in Costa Rica following his indictment by a federal grand jury in Miami on Nov. 20, 2008. According to the charges against him, Schultz and a co-conspirator, Jeffrey Pearson, purported to sell beverage and greeting card business opportunities, including assistance in establishing, maintaining, and operating such businesses. Following his arrest in Costa Rica, Schultz was extradited to the United States.

Schultz worked for USA Beverages Inc., Twin Peaks Gourmet Coffee Inc. and Cards-R-Us 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., and otherwise made it appear to potential purchasers that USA Beverages' operations were fully within the United States. However, USA Beverages actually operated from Costa Rica.

After USA Beverages, Schultz worked for Twin Peaks, which was a Florida and Colorado corporation. Twin Peaks sold business opportunities to own and operate coffee beverage sale display racks. Twin Peaks rented office space in Fort Collins, Colo., to make it appear to potential purchasers that its operations were fully within the United States. In truth, Twin Peaks also operated from Costa Rica.

Schultz next worked for Cards-R-Us, which was a Nevada corporation that sold business opportunities to own and operate greeting card sale display racks. Cards-R-Us rented office space in Reno, Nev., to make it appear to potential purchasers that Cards-R-Us' operations were fully within the United States. Like USA Beverages and Twin Peaks, Cards-R-Us actually operated out of Costa Rica.

Schultz and his co-conspirators made, and caused others to make, numerous false statements to fraudulently induce the purchase of business opportunities. 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.

"Business opportunity fraud targets Americans who are working hard to start a business and earn an honest living. While these fraud schemes may sometimes operate beyond our borders, they aren't beyond the reach of United States law," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "The Justice Department is committed to prosecuting those who steal through false promises of financial success."

In pleading guilty, Schultz admitted that his role in the conspiracy resulted in between \$2.5 million and \$7 million in losses to investors and harmed more than 250 victims. Schultz faces a maximum sentence of 10 years in prison on the conspiracy count, and 25 years on each of the mail and wire fraud counts. He also faces a possible fine and mandatory restitution.

Assistant Attorney General West commended the investigative efforts of the agencies involved in this matter, the Postal Inspection Service and the Federal Trade Commission, which previously brought a related civil suit and made a criminal referral. The Justice Department's Civil Division is handling the criminal prosecution.

GET JUSTICE UPDATES

JUSTICE.GOV en ESPAÑOL



## DEPARTMENT OF JUSTICE ACTION CENTER

- [Report a Crime](#)
- [Get a Job](#)
- [Locate a Prison, Inmate, or Sex Offender](#)
- [Apply for a Grant](#)
- [Submit a Complaint](#)
- [Report Waste, Fraud, Abuse or Misconduct to the Inspector General](#)
- [Find Sales of Seized Property](#)
- [Find Help and Information for Crime Victims](#)
- [Register, Apply for Permits, or Request Records](#)
- [Identify Our Most Wanted Fugitives](#)
- [Find a Form](#)
- [Report and Identify Missing Persons](#)
- [Contact Us](#)

## STAY CONNECTED

- Facebook
- MySpace
- Twitter
- YouTube

10-074

Civil Division

**U.S. DEPARTMENT of JUSTICE** | 950 Pennsylvania Avenue, NW, Washington, DC 20530-0001

**JUSTICE.GOV**

**ABOUT**

The Attorney General  
DOJ Agencies  
Budget & Performance  
Strategic Plans

**BUSINESS & GRANTS**

Business Opportunities  
Grants

**RESOURCES**

Forms  
Publications  
Case Highlights  
A-Z Index

**BRIEFING ROOM**

Justice News  
The Justice Blog  
Videos  
Photo Library

**CAREERS**

Student Opportunities  
Internships

**CONTACT**

Site Map  
A to Z Index  
Archive  
Accessibility  
FOIA  
No FEAR Act  
Information Quality  
Privacy Policy  
Legal Policies &  
Disclaimers

For Employees  
Office of the Inspector  
General  
Government  
Resources  
USA.gov