

Southern District of Florida

Press Release

BUSINESS OPPORTUNITY FRAUD DEFENDANT SENTENCED ON DVD VENDING MACHINE SCAM

May 16, 2008

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Henry Gutierrez, Inspector in Charge, Miami Division, United States Postal Inspection Service, announced today that defendant **Russell G. MacArthur, Jr.**, was sentenced to 23 years and 5 months in prison in connection with a DVD vending machine scam that defrauded 441 people throughout the United States of \$19.6 million.

United States District Judge Jose E. Martinez today also ordered MacArthur to pay \$19.6 million in restitution to the victims. MacArthur pled guilty in February to conspiracy, mail fraud, and criminal contempt.

MacArthur created American Entertainment Distributors, Inc. ("AED"), which was based in Hollywood, Florida. From 2003 to 2004, AED advertised on cable television and sold for \$36,000 apiece an opportunity to operate a DVD vending machine business. AED exaggerated the business' potential profits, falsely promised to secure good locations for the machines, and referred prospective purchasers to phony "references" who were on AED's payroll.

MacArthur is one of 14 defendants who has been convicted in the scheme. MacArthur's brother, James MacArthur, who was the president of AED, was previously sentenced to 10 years in prison.

During the last four years, efforts by the Department of Justice, the U.S. Attorney's Office, the U.S. Postal Inspection Service, and the Federal Trade Commission have led to the convictions of 74 individuals who were involved in the business opportunity industry in south Florida that has now largely been dismantled, according to Mr. Acosta.

MacArthur started AED despite an earlier federal court order, stemming from a different scheme, that prohibited MacArthur from being involved in the sale of business opportunities. MacArthur fled the United States after being indicted in 2005. MacArthur was arrested by the Costa Rican police in 2006 and extradited to Miami last year.

Mr. Acosta commended the investigative efforts of the U.S. Postal Inspection Service. This case was prosecuted by Patrick Jasperse, Trial Attorney, United States Department of Justice, Office of Consumer Litigation.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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