



*United States Attorney
Southern District of New York*

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MANHATTAN ART DEALER SENTENCED TO JAIL
FOR INTERNET ART FRAUD

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York and MARK J. MERSHON, the Assistant Director In Charge of the New York Field Office of the Federal Bureau of Investigation, announced that RICHARD VITRANO, a Manhattan art dealer, was sentenced late yesterday in Manhattan federal court to a 56 month prison term as a result of his conviction on wire fraud charges involving the sale of forged and inauthentic art work over the internet.

According to the felony Information charging VITRANO and statements at his guilty plea, VITRANO engaged in an art fraud scheme, spanning from September 2002 through April 26, 2005, using the internet as a vehicle to sell forged and/or inauthentic paintings, prints, drawings and other fine art works. To market the inauthentic paintings, VITRANO caused third-parties to open internet accounts with eBay (the internet auction service), under business names that appeared to be art dealers and galleries, through which VITRANO would list paintings for sale. By means of false representations concerning originality, authenticity, artist attribution and provenance, among other things, VITRANO fraudulently induced purchasers to buy paintings through the third-party internet accounts. VITRANO falsely attributed paintings to particular known artists, such as Raoul Dufy, Phillip Guston, Diego Rivera, Edward Potthast and A.H. Wyant.

The Information further alleges that VITRANO concealed his role in the fraud and evaded financial responsibility for the fraudulent sales by persuading the nominees to open bank accounts and to provide VITRANO with the ATM and debit cards for those accounts. This allowed VITRANO access to the funds that flowed into the accounts from credit card payments for the artwork sold.

As explained in the Information, VITRANO falsely represented that paintings were authentic and had been professionally attributed to particular artists, when VITRANO knew that he had acquired the inexpensive paintings through auctioneers

who issued express disclaimers indicating that the works were not authentic and not attributed to any known artist. VITRANO also falsely claimed that he had obtained independent "appraisals" attesting to the market value and authenticity of certain works, when in actuality VITRANO had fabricated the appraisals by cutting and pasting from legitimate appraisals of other art work, and inserting false information about the painting VITRANO was offering for sale. In other cases, according to the Information, VITRANO misrepresented that the paintings had a documented, prior ownership history, or provenance, when as VITRANO well knew, he had fabricated back-dated invoices to make it appear as if the paintings had been bought and sold through legitimate galleries in the past.

The Information further charges that VITRANO engaged in a fraudulent practice known as "shill bidding," designed to artificially drive up the auction price of the paintings he was attempting to sell. VITRANO would put paintings up for auction on one of the third-party eBay accounts, and then, from his computer in New York, New York, place higher internet bids on the painting through another third-party eBay account. VITRANO would then contact the second highest bidder and falsely claim that the high bidder fell through and offer the painting for sale to the "second chance buyer" privately.

According to the Information, many customers returned paintings and demanded refunds, causing credit card companies to "charge back" the purchase price to the bank account into which payment had been made. Because VITRANO had access to the nominee bank accounts, and quickly withdrew the payment, he left nothing for a refund, and/or caused the credit card companies to hold the nominee account holders, not VITRANO, responsible for the balances due and owing. VITRANO also put many returned paintings back up for auction on different internet accounts after customers had returned them reporting them to be forged and inauthentic.

In addition to the jail term, VITRANO was ordered by United States District Judge MICHAEL B. MUKASEY to pay restitution in the amount of \$193,902 to victims of the offense, and to forfeit fifty-seven paintings involved in the scheme.

VITRANO, age 56, is presently in federal custody.

Mr. GARCIA praised the investigative efforts of the FBI.

Assistant United States Attorney JANE A. LEVINE is in charge of the prosecution.

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