



*United States Attorney
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**MANHATTAN ART DEALER PLEADS GUILTY IN FEDERAL COURT
TO 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, pleaded guilty today in Manhattan federal court to a fraud scheme involving the sale of forged artwork over the internet.

According to the one count criminal Information to which VITRANO pleaded guilty today, 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 artworks. To market the inauthentic paintings, VITRANO caused third-parties, or nominees, to open internet accounts with eBay (the internet auction service), under various 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 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 account 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, to entice bidders, VITRANO falsely represented that paintings were authentic and had been professionally attributed to particular artists, when VITRANO knew that he had acquired the paintings at local auction pursuant to an express disclaimer indicating that they 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 paintings, when VITRANO had, in fact, fabricated the appraisals by cutting and pasting from legitimate appraisals of other artwork, and inserting false information about the paintings VITRANO was offering for sale. In other cases, 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 City, place higher internet bids on the painting through another third-party eBay account. VITRANO would then contact the second highest bidder, falsely claim that the high bidder fell through and offer the painting for sale to the "second chance buyer" privately.

According to the Information, between September 2002 and April 26, 2005, many customers returned paintings purchased from the VITRANO-controlled eBay sites and demanded refunds. When customers returned paintings, the credit card companies would generally "charge back" the purchase price to the seller's bank account. 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 a plea hearing today before United States District Judge MICHAEL B. MUKASEY, VITRANO admitted that he deliberately sold artwork over the internet, falsely representing the works as attributed to specific artists, when he knew they were not. At today's hearing, VITRANO further pleaded guilty to violating the terms of his supervised release in connection with a 1998 conviction for interstate transportation of stolen property.

VITRANO, 56, pleaded guilty to wire fraud. He faces a maximum sentence of 20 years' imprisonment, and a maximum fine of \$250,000 or twice the gross gain or loss resulting from this offense. VITRANO has agreed to the forfeiture of 57 paintings acquired in connection with the scheme, and the proceeds from the sale of the paintings will be used to compensate victims of the offense. VITRANO is scheduled to be sentenced by Judge MUKASEY on February 17, 2006.

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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