

The United States Attorney's Office

Southern District of Florida

Press Release

DEFENDANT PLEADS GUILTY IN DVD VENDING MACHINE BUSINESS OPPORTUNITY SCAM

February 28, 2008

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Henry Gutierrez, Inspector in Charge, Miami Division, U.S. Postal Inspection Service, announced today that **Russell G. MacArthur, Jr.**, pled guilty to defrauding consumers as part of a DVD vending machine scheme. The conviction is the latest development in a continuing crackdown by federal authorities on business opportunity fraud in South Florida during the last several years.

MacArthur pled guilty to conspiracy, mail fraud, and criminal contempt in connection with his involvement in American Entertainment Distributors, Inc. ("AED"). Based in Hollywood, Florida, AED defrauded more than 400 consumers throughout the United States of nearly \$20 million from 2003 to 2004. According to the charges, AED exaggerated its 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 helped set up AED, despite being under an earlier federal court order stemming from a different scheme that prohibited MacArthur from being involved in the sale of business opportunities. MacArthur was originally indicted in 2005, but subsequently fled. Law enforcement authorities tracked down MacArthur in Costa Rica, where he was arrested and ultimately extradited to the United States. MacArthur's brother, James MacArthur, was also involved in the scheme and was previously convicted and sentenced to 10 years in prison.

Russell MacArthur is the 13th defendant to be convicted in connection with AED. Charges are pending against two more defendants. MacArthur is scheduled to be sentenced on May 16, 2008 by U.S. District Judge Jose E. Martinez. He faces a maximum sentence of 20 years in prison on each of the conspiracy and mail fraud convictions.

Mr. Acosta commended the investigative efforts of the United States Postal Inspection Service. This case is being prosecuted by Patrick Jasperse and Douglas Stearn, Trial Attorneys, 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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