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INTERNET AUCTION SCAM RESULTS IN GUILTY PLEA

CONCORD, NEW HAMPSHIRE - United States Attorney Tom Colantuono announced today that JAY NELSON, 34, of Gilsum, New Hampshire pleaded guilty to charges of mail fraud, wire fraud, money laundering and identity fraud in connection with an internet auction fraud investigation conducted by the Postal Inspection Service. The charges describe how NELSON conducted on-line auctions on the e-Bay and Yahoo! auction websites in which he received payments from winning bidders, but failed to deliver any merchandise. NELSON defrauded hundreds of victims, and was able to prolong the scheme by changing the merchandise he supposedly had for sale, and by switching identities, screen names and e-mail addresses. NELSON also used numerous fictitious identities to post false → feedback→ in the sales histories of his auction identities, thereby giving bidders a false impression that they were making a purchase from a seller with an established record of customer satisfaction. NELSON initially received payments through post office boxes and mail drops, but later encouraged the victims to make payments through → Paypal,→ a company that allows its account holders to make credit card payments via e-mail. NELSON created a vast set of accounts with Paypal using different identities, and transferred monies to bank accounts and other Paypal accounts in order to disguise the location of the fraud proceeds. NELSON was initially arrested on a single count of wire fraud in January 2001, and was released on bail. NELSON fled to avoid prosecution in February, 2001, and was indicted on a charge of bail jumping. The Postal Inspection Service tracked NELSON by identifying new fraudulent auctions that NELSON was suspected of operating as a fugitive. In July, 2001, an alert coin shop owner in Kissimmee, Florida recognized NELSON's photo on the Postal Inspection Service website after learning about the case from a radio talk show and an MSNBC article. The shop owner informed the U.S. Marshals Service and Postal Inspectors in Orlando, Florida, that NELSON had been to her shop a dozen times to sell gold coins. NELSON was arrested on July 11, 2001 when he visited the shop to sell more gold, and has been detained since that time. Following NELSON's arrest, It was discovered that NELSON flew to Florida in February, 2001 after abandoning his car at Bradley International Airport in Hartford, Connecticut . He supported himself as a fugitive by conducting hundreds of fraudulent auctions, and by laundering the fraud proceeds. He ultimately used monies in Paypal accounts to acquire gold coins, which were mailed to him under assumed names at various temporary residences.

NELSON then sold the coins for cash. NELSON also used the names and credit card accounts of additional victims to make unauthorized purchases, including purchases of internet service accounts that he in turn used to conduct the auction scams. U.S. Attorney Tom Colantuono stated: → This brazen scam shows how careful people must be when they make purchases or provide personal information on the internet. It also shows that regardless how clever the con artists may be, law enforcement has the tools to bring them to justice.→ NELSON will be sentenced by Chief Judge Paul Barbadoro on October 10, 2002. NELSON faces a potential sentence of 5 years imprisonment on each of the mail fraud and wire fraud charges, 20 years imprisonment on the charge of money laundering, and 15 years imprisonment on the charge of identity fraud. NELSON pleaded guilty to a charge of bail jumping on April 8, 2002, and will be sentenced in that case on July 18, 2002.

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