

# ***NEWS RELEASE***

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***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
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***For Immediate Release***

**THREE YEAR FBI AND IRS INVESTIGATION REVEALS NATIONWIDE  
BLACK MARKET DEALING IN HUNDREDS OF MILLIONS OF DOLLARS IN  
COUNTERFEIT SPORTS AND CELEBRITY MEMORABILIA**

**NEWS RELEASE SUMMARY** - April 12, 2000

United States Attorney Gregory A. Vega, Federal Bureau of Investigation Special Agent-in-Charge William Gore, and Internal Revenue Service Branch Chief Al Allison today announced that a nationwide counterfeiting operation, responsible for flooding the American marketplace with untold millions of dollars in counterfeit memorabilia, has been dismantled.

According to the officials, the investigation (code-named Operation Bullpen by the FBI) began in 1997 and involved a full array of government investigative techniques. The investigation has culminated with the charging of several dozen individuals, the seizing of over \$10 million in counterfeit memorabilia and the forfeiture of several million dollars in assets.

As detailed in the Government charging documents, the sports and celebrity memorabilia is a \$1 billion a year market in the United States. Industry experts estimate that upwards of 50% (and perhaps as much as 90%) of the items comprising this market are counterfeit. Typically, the individuals who traffic in this black market obtain memorabilia containing forged autographs of celebrities, which are then inaccurately certified as genuine.

Autographed sports and celebrity memorabilia frequently consists of either clothing, such as jerseys or shoes; sports equipment, such as bats and balls; pieces of paper (commonly known as "cuts"); musical instruments, record albums, or pictorial items, such as photographs, posters, and trading cards -- all of which bear the purported signature of a professional athlete or celebrity connected in some way with the item of memorabilia.

The price of an item of autographed memorabilia depends on a variety of factors. The success and popularity of the individual generally influences the price. In addition, the memorabilia of deceased athletes and celebrities (so-called "vintage memorabilia") typically yields higher prices.

Although there are numerous unrelated distributors of counterfeit memorabilia, the majority of counterfeit memorabilia distributed throughout the United States is traceable to a finite number of counterfeiters who supply an enormous amount of high-quality fraudulent sports and celebrity memorabilia. These counterfeiters usually sell the memorabilia (containing forged signatures) to large-scale distributors who supply the items to major retail outlets, other smaller distributors, or directly to the public.

Typically, one of the conspirators in the distribution chain obtains a certificate of authenticity attesting to the genuineness of the items containing athlete or celebrity signatures. Sometimes, these certificates are simply prepared by a distributor fraudulently filling out blank forms that he has mass produced. On other occasions, the distributors utilize other individuals who purport to examine the item and render an "expert" opinion as to the signature's authenticity. Frequently, the authenticators have forensic expertise and claim to (or actually) have scientifically compared the signature on the memorabilia to known examples of the celebrity's handwriting.

The role of the authenticator is extremely important to the success of the criminal venture. It is the certificate of authenticity which allows distributors to feign, or maintain, ignorance of the fraudulent nature of the item they are selling. On the few occasions when an unsuspecting buyer discovers the fraud, the seller can claim that he relied on the accuracy of the certificate of authenticity and was unaware of the counterfeit nature of the celebrity's signature contained on the item.

On the other hand, the authenticators -- if confronted by an angry buyer -- can always claim that they are not responsible for the fraud and merely gave their best opinion as to whether the signature was genuine. As a rule, the certificates of authenticity expressly state that they merely represent the authenticator's expert opinion and cannot be relied upon as a warranty that the item of memorabilia is, in fact, genuine.

Eventually, the counterfeit item enters the stream of legitimate commerce in this country. Once in the legitimate stream of commerce, the item may be sold from a wide variety of different locations. Among the differing venues are: (1) Internet auction sites; (2) numerous mail order businesses and large retail stores that advertise in various trade publications; (3) upscale franchise stores located in malls and airport concourses around the country; (4) home shopping channels; (5) local shops that specialize in baseball cards or other items of memorabilia; (6) memorabilia shows; (7) movie theaters; and (8) local charity auctions.

On some occasions, the ultimate retailer of the counterfeit item may be unaware of its fraudulent nature. However, if the retailer is aware -- or suspects due to the item's price or appearance -- that the memorabilia is counterfeit, he may attempt to disguise the illegal activity by obtaining several genuine items of memorabilia that were actually signed by the celebrity. If confronted by a customer, the seller can tell the customer that the item must be genuine based on the seller's false claim that it was personally obtained from the athlete.

In addition, unscrupulous retailers utilize pictures taken with celebrities to promote the sale of counterfeit items claiming that they were signed by a celebrity at the time of the picture. On occasion, retailers will simply get a stock picture of an athlete signing autographs in an attempt to convince the unsuspecting buyer of the item's genuineness.

## The Counterfeit Memorabilia Market

The market for genuine vintage memorabilia has changed dramatically over the last decade. In the late 1980's, the market consisted of a very limited supply of genuine articles (e.g., vintage balls, checks, old books, letters, and the rare cut). These items were almost exclusively traded among a select group of collectors through a well-defined network. However, at present, the market is flooded with tens of thousands of vintage items (including bats, balls, jerseys, helmets, record albums, pictures, magazines, pieces of paper, posters, lithographs, and other items) that are counterfeit.

In fact, the current "public" market in vintage memorabilia is largely comprised of forgeries. This market in vintage memorabilia is directly attributable to the special skills of a select group of forgers. Indeed, vintage cuts were almost non-existent prior to these forgers beginning to produce the cuts within the last decade. Today, there are literally thousands of these counterfeit items in retail businesses across the country.

A particularly disturbing trend is that the black market is increasingly turning to the Internet in order to facilitate the sale of counterfeit sports and celebrity memorabilia. Attempting to cloak themselves in the anonymity available in cyberspace, black marketeers brazenly offer multiple, high-priced counterfeits from a variety of websites.

The current market of non-vintage memorabilia is also characterized by the counterfeiting of select athletes and celebrities who command large sums in the open market. In particular demand on the current black market are items signed by Mark McGwire, Sammy Sosa, Ted Williams, Mohammed Ali, John Elway, Joe Montana, Michael Jordan, Kobe Bryant, Mel Gibson and Pamela Anderson Lee.

Some of the most popular athletes have started to introduce security procedures in an attempt to frustrate counterfeiters. For example, Michael Jordan entered into an exclusive contract with Upper Deck to sell his autographed items. Therefore, the public is almost guaranteed that any retail item of sports memorabilia purporting to be signed by Jordan is counterfeit -- except for merchandise marketed through Upper Deck. For a number of years, Michael Jordan's contract with Upper Deck has been an exclusive contract that prevents him from selling his autographs to other sources.

Similarly, Mark McGwire has refused to sign autographs (for money) for approximately the last decade.

As a result, a McGwire signature purchased on the retail market is almost guaranteed to be a forgery.

### San Diego Counterfeit Memorabilia Investigation

Approximately three years ago, the San Diego Field Office of the FBI, in conjunction with the United States Attorney's Office for the Southern District of California and the Internal Revenue Service ("IRS"), began an investigation into the production, bogus authentication, and distribution of counterfeit sports memorabilia. In September 1997, this investigation was augmented by the institution of an undercover investigation.

As part of this investigation, a Special Agent with the FBI assumed the undercover role of John Freitas -- owner of Nihon Trading, 2181 El Camino Real, Suite 100, Oceanside. As part of his undercover role, "Freitas" represented to individuals that he was presently in the business of exporting sports memorabilia to Pacific rim nations.

Over the last two years, utilizing "Freitas" and others, the Government has been able to purchase fraudulent sports (and celebrity) memorabilia from a number of different individuals. These suppliers of fraudulent memorabilia include, Michael Bowler, Jon Hall, Carmen Lombardo, Jack Morgenstern, Michael Moses, and David Tabb.

Most, if not all, of these suppliers have stated in recorded conversations that the "Marino family" is considered to be one of the major forgers of counterfeit memorabilia. The suppliers have also indicated that Wayne Bray is one of the main distributors (and authenticators) of counterfeit memorabilia produced by the Marinos.

During the early part of 1999, the Federal District Court in the Southern District of California authorized the interception of wire communications from phones located at: (1) Wayne Bray's business, W.W. Sportscards, 133 North Pacific Street, Unit D, San Marcos, California; (2) the home of Greg and Kathleen Marino, 395 Beaumont Glenn, number 257, Escondido, California; and (3) the home of Angelo, Gloria and John Marino, 2422 Smokewood Place, Escondido, California.

These intercepted conversations revealed that Wayne Bray had been distributing millions of dollars worth of counterfeit memorabilia over the last several years. In addition, the interceptions (and related

and thousands of counterfeit photographs, bats, balls, jerseys, cuts, helmets, lithographs, magazines, gloves, hockey sticks, guitars, and record albums. The items seized included counterfeit memorabilia containing forged signatures of Mother Theresa, Abraham Lincoln, Martin Luther King, Albert Einstein, Marilyn Monroe, Elvis Presley, Babe Ruth, Lou Gehrig, Ty Cobb, Sammy Sosa, Mark McGwire and Tony Gwynn.

### Charged Defendants

According to Assistant United States Attorney Phillip L.B. Halpern, who directed the Government's prosecution, Magistrate-Judge James F. Stivens yesterday arraigned \_\_\_ defendants on charges of Conspiracy to commit mail fraud and/or tax evasion. At the time of their arraignments, the defendant's requested that the matter be next set on Calendar for disposition. Once these cases are disposed, the Government plans to announce the next set of charges arising out of Operation Bullpen. At this time, United States Attorney Vega would say only that additional charges are expected in the near future.

### DEFENDANTS

#### INFORMATION NOS.

### SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Conspiracy to Defraud the United States in violation of 18 U.S.C. § 371. Maximum penalty is five years and/or \$250,000 per count.

Tax Evasion in violation of 26 U.S.C. § 2601. Maximum penalty is five years and/or \$250,000 per count.

Filing False Tax Returns in violation of 26 U.S.C. § 2606(1). Maximum penalty is five years and/or \$250,000 per count.

### PARTICIPATING AGENCIES

Federal Bureau of Investigation

United States Internal Revenue Service  
Criminal Investigation Division

United States Internal Revenue Service

Examination Division

California State Attorney's General Office

**An information, itself, is not evidence that the defendants committed the crimes charged and that, like all defendants, they are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**