

News from Attorney General Robert Abrams

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ABRAMS ANNOUNCES JUDGMENT IN BOILER ROOM SCAM; ALSO ANNOUNCES TWO GUILTY PLEAS

Attorney General Robert Abrams announced today (Friday) that a consent injunction has been entered against two individuals and a corporation charged with running a "boiler room" operation, which offered oil and gas leases for sale to investors on a nationwide basis. The judgment prohibits the defendants from any future involvement in the securities business in New York State and orders the company assets be placed in an escrow account to repay defrauded investors. The injunction was entered in Manhattan State Supreme Court and signed by Judge Stanley Parness.

The defendants, Richard J. Rossi, 34, 73 Carlton Avenue, Port Washington, and Charles D. Agrella, 40, 271-11 B Grand Central Parkway, Floral Park, are the president and vice president of Winthrop Properties, Inc. of Port Washington. In addition to signing today's injunction, they pleaded guilty to criminal charges on May 16th, in Nassau County Court, before Judge Edward Baker. Rossi and Winthrop Properties pleaded guilty to securities fraud, an E felony, and Agrella pleaded guilty to two unclassified misdemeanors. The defendants will be sentenced on July 16.

On the basis of records and materials seized by the Attorney General's Office in 1985, the defendants from August, 1983 through February, 1985, raised over \$400,000 from investors who were told that they were getting undervalued oil & gas leases, when, in fact, the defendants routinely acquired their inventory from lease brokers who sold to them at a hefty markup. The defendants then resold these same leases to the public, marking up the price several hundred percent over what they had originally cost.

Mr. Abrams said that the defendants told investors that they would arrange for buyers for these leases at substantial profits to their clients, when, in fact, no lease was ever resold on behalf of a client for a profit.

The matter was handled for the Attorney General by Assistant Attorneys General Howard W. Newman, under the supervision of Orestes J. Mihaly, Chief of the Investor Protection and Securities Bureau.