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Guilty plea in Internet swindle

Scam raked in over \$13 million

BY LARRY LEBOWITZ

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A former South Florida man who orchestrated one of the largest Internet scams ever -- while paying off a business associate with the Colombo organized crime family -- pleaded guilty Thursday to mail-fraud and money-laundering conspiracy.

William Caudell, the founder, chairman and CEO of Professional Resource Systems Inc. of Boca Raton, admitted masterminding the international pyramid scheme that conservatively raked in more than \$13 million from 48,000 victims in just eight months. A court-appointed receiver is trying to recoup most of the money.

Caudell, who has relocated to Arkansas, is cooperating with federal investigators in hopes of winning a reduced sentence, said defense attorney Stephen J. Golembe.

Assistant U.S. Attorney Paul Schwartz, a veteran South Florida organized crime prosecutor, said new charges are forthcoming against up to 15 additional defendants linked to the PRSI pyramid scheme.

One PRSI insider who will not be charged in the latest ``dot.con" case is one of the leaders of the Colombo family's South Florida crew: Joseph ``Joey Flowers" Rotunno, 66, of Pembroke Pines.

Rotunno, whose nickname comes from his family's ownership of flower shops, received more than \$197,000 that was siphoned from PRSI corporate coffers and paid to four of his aliases: John Restano, John Rotondo, P.J. Loprimo and John Staat, according to state receivership records.

Rotunno is serving a 6 1/2-year federal prison term after pleading guilty in October to an unrelated indictment outlining his oversight of the South Florida Colombo crew's involvement in gambling, loan sharking and money laundering through check-cashing

stores and pawn shops. One of the plea-bargain terms resolved Rotunno's criminal liability in the PRSI scheme, Schwartz said.

A longtime target of organized crime officers, Rotunno was convicted in 1986 on loansharking and bookmaking charges and sentenced to 3 1/2 years in state prison after loaning money at exorbitant rates to undercover agents posing as businessmen.

PRSI was formed in Boca Raton in April 1999 to help people buy computer equipment, set up home-office or small businesses and engage in commerce on the Internet. Customers paid \$175 for the privilege of one day shopping and selling their own goods or services as ``cybermerchants" on the developing PRSI network. For an additional \$295, they could become ``cybermanagers," earning commissions by recruiting others into the network.

The Florida Attorney General's Office shut down PRSI in January 2000 after convincing a Palm Beach County judge that the company was nothing more than a pyramid scheme, more focused on recruiting new members than on delivering the e-commerce system.

More than 48,000 victims in 19 countries paid in excess of \$13 million even though the PRSI network never materialized, Schwartz said Thursday. The final numbers could exceed 70,000 victims.

Besides the payments to Rotunno's aliases, plenty of PRSI funds were siphoned off for non-corporate uses, said court-appointed receiver Lewis Freeman of Miami. PRSI paid Caudell's child-support obligations, bought him a 1999 Jaguar convertible and a 1999 Cadillac Escalante for his brother-in-law and PRSI President Lester ``Gil" Gillespie.

Caudell, who remains free on \$100,000 bond pending sentencing Jan. 7 in Miami by U.S. District Judge Donald M. Middlebrooks, is no stranger to the criminal justice system.

In 1993, he pleaded guilty to swindling investors in his Kansas folding fishing-pole company. Kansas securities investigators said Caudell and his partners lied to investors, claiming that Wal-Mart and Kmart had agreed to carry the poles. About \$20,000 in investor funds disappeared.



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