



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*

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**MANHATTAN U.S. ATTORNEY ANNOUNCES ARREST OF MAN WHO  
OPERATED \$500,000 PET-RELATED INVESTMENT SCAM**

*Defendant Allegedly Used False and Misleading Internet and Print Ads to Deceive Investors*

Preet Bharara, the United States Attorney for the Southern District of New York, and Ronald J. Verrochio, the Inspector-in-Charge of the New York Office of the U.S. Postal Inspection Service ("USPIS"), announced that ERIC STEIN was charged today with running an investment scam through Return-A-Pet LLC – a Manhattan-based company he operated that purportedly facilitated the return of lost pets to their owners. As part of the scheme in which he netted at least \$500,000, STEIN allegedly deceived dozens of consumers into purchasing sham Return-A-Pet distributorships using false and misleading advertisements. STEIN ran the company while out on supervised release for an investment fraud scheme in which he had been previously convicted of committing in Nevada. He was arrested this morning and presented before U.S. Magistrate Judge Michael H. Dolinger. He was ordered detained.

Manhattan U.S. Attorney Preet Bharara said: "As a business venture, reuniting people with their lost pets must have sounded like a real moneymaker to the victims of Eric Stein's alleged fraud who thought they were purchasing Return-A-Pet distributorships. But as they quickly discovered, they were in business with a con artist who allegedly used phony Internet and other advertising to market his scheme. He will now be brought to justice."

USPIS Inspector-in-Charge Ronald J. Verrochio said: "The arrest today brings to close a long investigation in the latest scheme of Mr. Stein to defraud consumers. Postal Inspectors will continue to investigate cases involving fraud against consumers and vigorously pursue those individuals who use the mail in furtherance of their criminal schemes."

According to the Complaint unsealed today in Manhattan federal court:

Return-A-Pet purportedly provided enrolled pet owners with access to a toll-free number that was staffed 24 hours-a-day and printed on the pet's ID tag, in order to help lost pets be returned to their owners. From June 2007 to January 2010, STEIN allegedly sold sham Return-

A-Pet “distributorships” for upfront fees that ranged from \$5,000 to \$50,000. He sold distributorships to individuals who lived all over the United States and abroad, including in Texas, Georgia, Kentucky, North Carolina, and South Africa. STEIN personally communicated with prospective distributors, often falsely identifying himself as “Robert Philips.”

To lure investors into paying him the upfront fees, STEIN allegedly made fraudulent statements and representations in Internet and print ads and provided phony references to convince victims that they were purchasing a bona fide business opportunity. However, after making payments to Return-A-Pet, the victims never received the materials and services promised to them as part of the distributorships. Rather, STEIN simply kept their money, taking in at least \$500,000 over the course of the fraud scheme.

STEIN also referred prospective distributors to phony references – people whom he allegedly recruited to pose as distributors to provide fake testimonials of their positive experiences with Return-A-Pet. He rarely, if ever, returned victims’ money when they demanded refunds. Instead, in an effort to delay and appease victim-distributors, STEIN hired an employee to provide false information.

As set forth in the Complaint, STEIN was publicly interviewed by a Wall Street Journal reporter in 2004, and on the television program “American Greed” in 2008, concerning an investment fraud scheme he operated in Nevada for which he was previously convicted. In the interviews, STEIN described how he had lured investors into believing that his business was legitimate by, among other things, paying people to give phony, “wonderful” references – similar to his alleged operation of Return-A-Pet. In the Wall Street Journal interview, he stated “it’s all about the packaging and the picture that you paint for them – the image, all about the dream you’re making for them.”

\* \* \*

STEIN, 53, of New York, NY, is charged with one count of mail fraud and one count of wire fraud. He faces a maximum sentence of 20 years in prison on each count.

Mr. Bharara praised the investigative efforts of the USPIS, adding that the investigation is continuing.

This case is being prosecuted by the Office’s Complex Frauds Unit. Assistant U.S. Attorney Sarah E. Paul is in charge of this prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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