

NEWS



News Release
U.S. Department of Justice
Peter F. Neronha
United States Attorney
District of Rhode Island

December 2, 2011

Internet Consumer Electronics Company Founder Sentenced
to 70 Months in Federal Prison for Fraud

PROVIDENCE, R.I. – The founder of a defunct Rhode Island based Internet consumer electronics company was sentenced today in U.S. District Court in Providence to 70 months in federal prison and ordered to pay full restitution to more than 80 business customers and a credit card processing firm from whom he defrauded more than \$10 million. David Whitaker, 36, formerly of Bristol, Tenn., was also sentenced by U.S. District Court Judge William E. Smith to 5 years supervised release.

Whitaker's sentence was announced by U.S. Attorney Peter F. Neronha; Thomas M. Powers, Resident Agent in Charge of the Providence Office of the U.S. Secret Service; William P. Offord, Special Agent in Charge of the Boston Office of the Internal Revenue Service - Criminal Investigation; Richard DesLauriers, Special Agent in Charge of the FBI's Boston Field Office; and Robert Bethel, Inspector in Charge of the U.S. Postal Inspection Service.

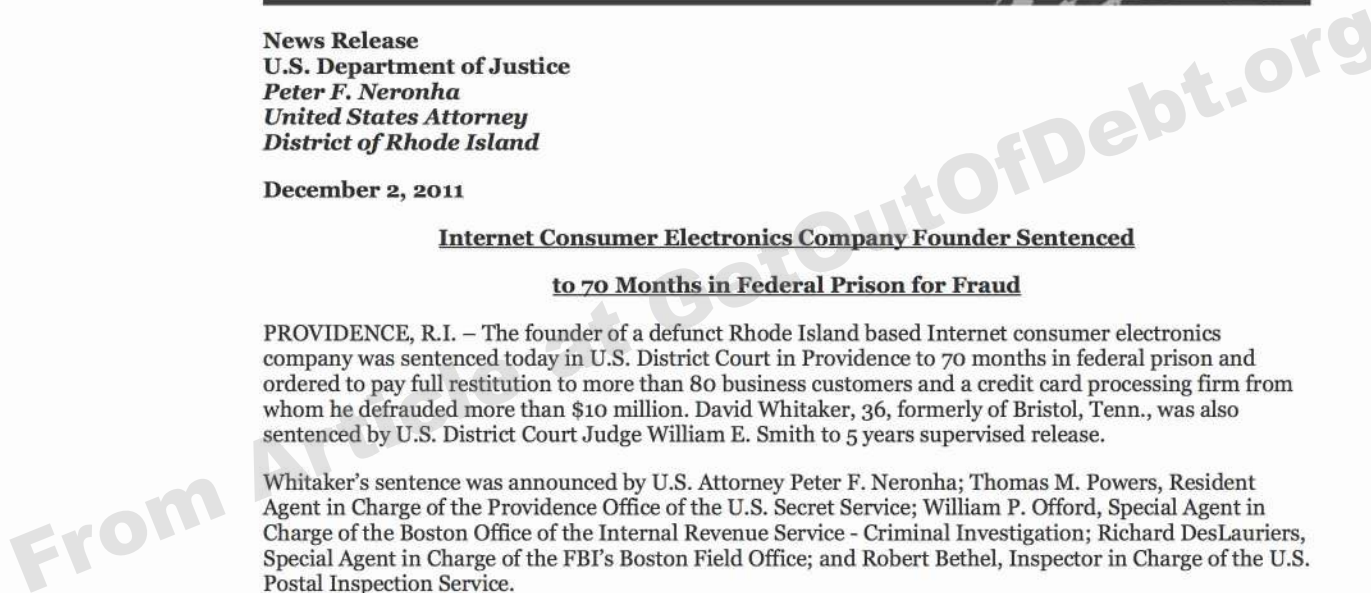
In May 2008, Whitaker pled guilty in U.S. District Court in Providence to an information charging him wire fraud, conspiracy to commit wire fraud, money laundering and commercial bribery. Whitaker admitted to defrauding approximately 83 business account customers and a credit card processing company of over \$10 million.

Whitaker admitted that he received millions of dollars from business customers who purchased electronic equipment from his company, Mixitforme, Inc. The equipment, however, was not delivered to the customers, and Whitaker made various false statements to the customers in an attempt explain why the deliveries were not made and in order to encourage additional orders. During this same time, Whitaker admitted that he diverted millions of dollars which had been paid to his company for his personal use. He also admitted to having submitted false income tax returns to a credit card processing company, for the purpose of inducing that company to act as the credit card processor for Mixitforme. Whitaker also admitted to negotiating an employment opportunity between his company and a local bank branch manager at an annual salary of nearly twice that which he was being paid as an employee of the bank. In return, Whitaker obtained from the bank manager letters of bank credit which the manager did not have the authority to issue.

Whitaker has been detained since his arrest and expulsion from Mexico in March 2008. A federal arrest warrant had been issued for Whitaker in this matter in December 2007.

Assistant U.S. Attorney Andrew J. Reich told the court that the government considered a number of factors in deciding what sentence to recommend to the court. Reich explained that Whitaker had provided substantial cooperation to the government in its investigation of Google Inc. For approximately 4 months in the early part of 2009 Whitaker assisted agents in setting up websites which purportedly sold illegal pharmaceutical products over the internet and which advertised their products through Google's AdWords program. Whitaker also explained to government investigators that he illegally sold pharmaceutical products through the AdWords program while he was in Mexico. The investigation of Google eventually resulted in a non-prosecution agreement between the government and Google, which provided that Google was to forfeit \$500 million to the U.S., and also establish a number of procedures and policies which would insure that "rogue" pharmacies would no longer be permitted to advertise through the AdWords program. According to Reich, the impact of the agreement has been very significant, in that it has prevented millions of Americans from accessing illegal drugs through the internet.

At sentencing, Reich also stressed the importance which the government placed on the impact which this case had on the victims of Mixitforme. The government recommended a sentence of 70 months



Safe



Help us combat the proliferation of sexual exploitative crimes against children.

RHODE ISLAND

Fleet Center, 50 Kennedy Plaza, 38th Floor Providence, RI 02902

HOME

ABOUT

The District
Employment

NEWS

Press Releases
Archive 2010
Archive 2009

MEET THE US ATTORNEY

Br Wgmt Team

DIVISIONS

Civil
Criminal
Terrorism
Administration

INITIATIVES

ACE
LEDCO
PSC
PSM
AWA

FAQ

CONTACT US

Site Map

Accessibility
FOIA
Privacy Policy
Legal Policies &
Disclaimers

Justice.gov

USA.gov
Americans with
Disabilities Act

JUSTICE.GOV/DOJ/US/DOJ

From Article at GetOutOfDebt.org