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2 Men Sentenced To Prison For \$7.2M 'Nutraceuticals' Fraud

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Law360 (April 16, 2019, 9:10 PM EDT) -- A New York federal judge sentenced two Florida men to multiple years in prison on Tuesday and ordered them to forfeit \$7.2 million they admitted to stealing in a credit card scheme that involved the purported sale of dietary supplements.

U.S. District Judge Edgardo Ramos handed a four-year sentence to James Beckish and a three-year sentence to Joseph Anthony Demaria after they each pled guilty in October to one count of wire fraud conspiracy. The charge was one of three they were hit with in June 2017 over their alleged role in using shell companies to swindle people who thought they were buying dietary supplements and "nutraceuticals."

"Beckish and Demaria operated a scheme in which they purported to sell dietary supplements to consumers online," U.S. Attorney Geoffrey S. Berman said in an announcement. "In lieu of dietary supplements, consumers got nothing but headaches, credit card processors got ripped off, and Beckish and Demaria's wallets got fatter."

Prosecutors said that Beckish and Demaria were the leaders of a criminal scheme to create websites marketing and selling dietary supplements and other products referred to as nutraceuticals. Using those websites and often

without shipping any products, the pair and their co-conspirators placed unauthorized and recurring charges on thousands of credit cards, the government said.

According to a criminal information filed in 2017, the conspirators obtained credit card numbers through individuals duped into thinking the nutraceutical websites were legitimate and through the black market.

Beckish and Demaria were both accused of opening bank accounts and merchant accounts associated with the shell companies that backed the nutraceutical companies, sometimes using fabricated records.

Court records state that the scheme also involved the use of a call center in Costa Rica to mislead customers who called in complaining of unexpected charges on their credit cards, as well as a warehouse in Florida that sent worthless nutraceuticals to customers. The scheme ultimately netted more than \$7.2 million in fraudulent credit card charges, which were largely paid by credit card processors in refunds to affected customers, the government said.

In letters sent ahead of Tuesday's sentencing, prosecutors said that both Beckish and Demaria endeavored to conceal their control of the shell companies.

Beckish was sentenced to 48 months in prison while Demaria received a 36-month sentence. Both were ordered to forfeit more than \$7.2 million and pay the same amount in restitution.

"We appreciate Judge Ramos' thoughtful consideration in fashioning a sentence that's fair and appropriate," Beckish's attorney, Robert Caliendo, told Law360 on Tuesday evening. "Mr. Beckish looks forward to putting this case behind him and leaving prison a better, wiser and more mature man, ready to reclaim his place as a productive, law-abiding citizen."

Defense attorney Jeffrey Lichtman said he and Demaria were "extremely pleased" with the sentence given that prosecutors had originally alleged a \$28 million fraud, and the statutory maximum Demaria faced was 5 years in prison.

"Judge Ramos is as careful and thoughtful as any judge can be and in varying down so much he clearly credited the horrific childhood and young adulthood suffered by Mr. Demaria, which was not disputed by the government," Lichtman said.

The government is represented by Danielle Sassoon, Olga Zverovich and Michael McGinnis of the [U.S. Attorney's Office](#) for the Southern District of New York.

Beckish is represented by Robert Caliendo and Marc Fernich of the [Law Office of Marc Fernich](#).

Demaria is represented by Jeffrey Lichtman of the Law Office of Jeffrey Lichtman.

The case is U.S. v. Beckish et al., case number 1:17-cr-00569, in the U.S. District Court for the Southern District of New York.

--Editing by Abbie Sarfo.

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