



NEWS RELEASE

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COUPLE AGREE TO PLEAD GUILTY TO SELLING FAKE ARTWORK, RIGGING AUCTIONS IN SCAM THAT COST AT LEAST \$20 MILLION

A La Canada couple who operated live auctions on satellite channels that purported to sell genuine works of art and jewelry have admitted that they ran a scam that defrauded purchasers out of more than \$20 million by rigging auctions and selling bogus artworks. Among other things, the couple have admitted that they knowingly sold art with the forged signatures of artists such as Picasso, Chagall and Dali.

In documents filed this morning in federal court in Los Angeles, Kristine Eubanks, 49, and Gerald Sullivan 51, each were charged with one count of conspiracy to commit mail fraud, wire fraud and interstate transportation of stolen property. Additionally, Eubanks was charged with tax evasion, while Sullivan was charged with one count of failure to file tax returns

In plea agreements that also were filed this morning, Eubanks and Sullivan agreed to plead guilty to the charges and to cooperate with investigators in an ongoing criminal probe.

The couple admitted that the scam involved their television show, Fine Art Treasures Gallery, that formerly aired Friday and Saturday nights on channels broadcast by DirecTV and The Dish Network. The couple admitted that the show was a scam because they rigged the auctions by creating false and inflated bids that fraudulently inflated the purchase price of the art and jewelry they sold to the public during the live auctions.

In their plea agreements, Eubanks and Sullivan admitted that they purchased fake art and that they forged art at a print shop, and later sold the bogus works on their television show. To support the scam, they created and mailed to consumers documents such as false certificates of authenticity and false appraisals.

Eubanks and Sullivan have admitted they and other co-conspirators used the television show to defraud more than 10,000 victims, who paid more than \$20 million for bogus art products.

"The defendants in this case have admitted to profiting by preying on the vulnerabilities of producers and consumers of art through an elaborate criminal enterprise," said J. Stephen Tidwell, Assistant Director in Charge of the FBI in Los Angeles. "Today's announcement should send a message to those willing to commit fraud at the expense of art lovers around the world that the FBI considers art auction fraud to be a significant and growing crime problem which is being addressed by the FBI's Art Crime Team, established in 2004, to investigate crimes involving art and cultural property."

Debra D. King, Special Agent in Charge of the Internal Revenue Service's Criminal Investigation Division in Los Angeles, stated: "The sale of fake and forged copies of several artists' bodies of work has left many victims in it's wake, including the artists themselves and their survivors. The investigation and prosecution of Mrs. Eubanks and Mr. Sullivan on federal fraud and income tax charges related to this activity is indicative of the resolve of IRS-Criminal Investigation, in conjunction with our law enforcement partners at the United States Attorney's Office, the FBI, and the Los Angeles Police Department, to bring criminals who commit these types of crimes to justice."

Sullivan will be summoned to appear in court for an initial appearance later this month. Eubanks is currently in state custody on an unrelated matter.

Once they plead guilty, Eubanks faces a maximum statutory penalty of 10 years in federal prison, and Sullivan faces a maximum statutory penalty of six years.

Eubanks and Sullivan have agreed that the government can forfeit nearly \$4

million and various pieces of artwork that have been seized during the investigation.

This case was investigated by the national Art Crime Team at the Federal Bureau of Investigation, IRS-Criminal Investigation Division, and the Los Angeles Police Department's Art Theft Detail.

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