
News from
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ABRAMS ANNOUNCES ARREST OF FLORIDA GOLD DEALERS

Attorney General Robert Abrams announced this morning (Thursday) the arrest of William L. Alderdice, 39, president of the International Gold Bullion Exchange, and James Alderdice, 26, executive vice president of the bankrupt firm which for a brief period was reputedly the largest retail dealer of gold coins and bullion in the United States.

The Alderdice brothers were arrested in Ft. Lauderdale, Florida on sealed indictments voted last week by a Westchester County grand jury which charged them with 34 counts of grand larceny and securities fraud. Attorney General Abrams said he would immediately initiate proceedings to secure return of the Alderdices to New York unless they waive extradition.

The arrest in Florida was made by New York State Police officers assigned to the Attorney General's office, assisted by the Ft. Lauderdale Police Department's Organized Crime Unit.

Mr. Abrams said today that his office had received more than 1,000 complaints from New York consumers, involving more than \$6 million in claims against the

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company, which was barred by Mr. Abrams from doing business in New York State on April 7. Though he has been successful over the past year in obtaining restitution for many dissatisfied IGBE customers, the company's bankruptcy makes the prospect for recovery by others "uncertain at best," Mr. Abrams said.

He said that company attorneys have acknowledged that there are more than \$25 million in claims against it from consumers across the country and that the actual figure could be much larger. The New York case is the first criminal action against the Alderdices stemming from the collapse of their company. If convicted, they could face up to 7 years imprisonment, plus heavy fines.

Between 1980 and 1983, the company grew from a small operation to become the largest retailer of gold coins in the United States. In company literature, William Alderdice boasted, "I am certain that we will reach our goal of being the world's largest corporation."

The company offered gold and silver coins and ingots to purchasers through widespread national advertising. It delayed delivery of purchased metals, sometimes paying purchasers "interest" on metals it had not shipped. During a period when gold prices, after peaking at nearly \$900 an ounce in 1980, were falling, the delay in shipping produced profits for the company. When, however, in mid-1982, gold prices began to rise, the company found itself in increasing difficulties, Mr. Abrams said. Thousands of consumers claimed they had been unable to obtain either the metals they had paid for or refunds. Many of IGBE's refund and interest checks "bounced," and the company's employees have thousand of dollars in wage claims pending.

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On April 7 of this year, company president William Alderdice appeared at the Attorney General's office and testified for two hours under oath about IGBE's operations. At that time, the company was barred from doing business with any new New York customers until it satisfied all outstanding complaints in this state, produced books and records required by the Attorney General's office, and a list of the names and background of the company's sales personnel. IGBE failed to meet the specified conditions, and three weeks later it was closed down by a Broward County, Florida, Circuit Court judge. On April 26, it filed bankruptcy papers in federal court in Florida.

The company is also under investigation by federal authorities and state officials in at least six states, and the company's advertising has been rejected by national media for months.

The investigation of IGBE is being handled for the Attorney General by Assistant Attorneys General Mark Tepper, Rebecca Mullane and Sheldon Walker, under the supervision of Orestes Mihaly, Chief of the Investor Protection and Securities Bureau and David Crawford, head of the Bureau's Enforcement Section.