

= Crazy Eddie =

Crazy Eddie was an American retail business that sold electronic goods . The company did business in several forms . The first , and what would eventually become the most famous / infamous of the three , was a chain of retail shops located New York , New Jersey , Connecticut , and Pennsylvania , which also sold by telephone . The second was a venture that began as a retail shop but was eventually reorganized as an internet and telephone business . The third and most recent was an online and buy @-@ by @-@ telephone store . As of 2015 , none of the three Crazy Eddie ventures is conducting business .

Crazy Eddie was started during 1971 in Brooklyn , New York by businessmen Eddie Antar and Sam M. Antar as ERS Electronics , named after Eddie , his cousin and partner Ronnie Gindi , and Eddie 's father Sam . The chain became important throughout the Tri @-@ State Region as much for its prices as for its memorable radio and television commercials , featuring a frenetic , " crazy " character played by radio announcer Jerry Carroll (who copied most of his act from early television @-@ commercial actor , used car and electronics salesman Earl " Madman " Muntz) . At its maximum , Crazy Eddie had 43 stores in the chain , and earned more than \$ 300 million in sales .

Carroll 's commercials ended invariably with the tag @-@ line " Crazy Eddie 's prices are insane ! " which , despite the chain 's relatively limited geographical reach , became well @-@ known during the early 1970s .

During February 1987 , the U.S. Attorney for the District of New Jersey commenced a federal grand jury investigation into the warranty billing practices of Crazy Eddie . During September of that year , the United States Securities and Exchange Commission initiated an investigation into alleged violations of federal securities laws by certain Crazy Eddie officers and employees . Eddie Antar was eventually charged with a series of crimes .

Unable to sustain his fraudulent business practices , co @-@ founder Eddie Antar cashed in millions of dollars ' worth of stock and resigned from the company during December 1986 . Crazy Eddie 's board of directors lost control of the company during November 1987 after a proxy battle with a group directed by Elias Zinn and Victor Palmieri , known as the Oppenheimer @-@ Palmieri Group . The entire Antar family was immediately eliminated from the business . The new owners quickly discovered the true extent of the Antar family 's fraud , but were unable to stop Crazy Eddie 's decreasing fortunes . During 1989 , the company declared bankruptcy and was liquidated . Crazy Eddie became a symbol for corporate fraud in its time , but has since been outdone by the Enron , Worldcom and Bernie Madoff accounting scandals .

Antar fled to Israel during February 1990 , but was returned to the United States during January 1993 for trial . His 1993 conviction on fraud charges was overturned , but he eventually pleaded guilty during 1996 . During 1997 , Antar was sentenced to eight years in prison and paid large fines . He was released from prison during 1999 .

= = Beginnings = =

Eddie Antar ? s grandparents , Murad and Tera Antar , who were Syrian Jews , relocated to Brooklyn , New York from Aleppo , Syria . Murad and Tera worked in their market stalls alongside Arabs , including Egyptians , other Syrians , as well as Turks . Eddie 's father Sam Antar was a retailer , and it was no surprise to the family that Eddie also became a retailer .

The predecessor to Crazy Eddie was a consumer electronics shop called Sight And Sound . It was a property of ERS Electronics , a company owned by Sam M. Antar , his son Eddie Antar , and Eddie 's cousin Ronnie Gindi . Sight And Sound , located on Kings Highway in Brooklyn , began operation during 1969 and offered electronics at regular prices . Due to his aggressive sales techniques , Eddie quickly became known as " Crazy Eddie . " Despite his technique , or perhaps because of it , within 18 months the shop (as well as Eddie and Ronnie) was nearly bankrupt .

Eddie Antar bought out Gindi 's one @-@ third ownership stake of Sight And Sound , and Sam M. Antar retained his one @-@ third stake but left the day @-@ to @-@ day operations to Eddie . During 1971 , the Sight And Sound store on Kings Highway was renamed Crazy Eddie . Eddie

continued his sales tactics with the renamed Crazy Eddie shop , but this time was successful . Eventually , Eddie closed that location and relocated the business to a bigger shop , just a few blocks from Sight And Sound 's old location . During 1973 , Antar opened the second Crazy Eddie location in Syosset , New York . A third followed during 1975 , located in Manhattan . That year , Antar established a corporate main office in Brooklyn , New York .

= = Advertising = =

An essential part of Crazy Eddie 's success was its advertising campaign , which started almost by accident .

Antar had bought some commercial time on New York radio station WPIX @-@ FM , and one night during 1972 a live commercial was being done by DJ " Dr. Jerry " Carroll , who ended it by reading the shop 's slogan , " his prices are insane " , in this manner : " Crazy Eddie , his prices are IN @-@ SA @-@ A @-@ A @-@ A @-@ A @-@ ANE ! " Antar telephoned and told Carroll to say the line the same way every time , and thus a working relationship was begun .

Beginning during 1975 , Carroll began television advertisement . For most of the next fifteen years Carroll performed commercials in the same frenetic manner he had for radio . One of his more memorable promotions was for Crazy Eddie 's annual " Christmas in August " sale , where he would dress in a Santa suit and do the commercial while stagehands threw fake snowballs at him . Carroll also had a trademark look in each commercial , wearing a blue suit with a lighter blue turtleneck shirt in almost all of his appearances (even during later years) . Carroll even appeared in a Spanish @-@ language Crazy Eddie advertisement , although he did not have a speaking role ; instead , his appearance consisted of him holding a radio to his ear as he walked behind the commercial 's spokesman , stopping only to wave at the camera several times .

During the 1980s , more than 7 @,@ 500 unique radio and television ads were broadcast in the Tri @-@ State Region . Carroll 's acting became so identified with the company that many people thought he was actually Crazy Eddie ; Crazy Eddie even made a commercial to this effect with Carroll as a Superman @-@ styled superhero named Crazy Eddie . Warner Communications , the parent company of the distributor of the Superman movie series , found the commercial to be problematic and sued the chain trying to stop it . At the time , Warner also was the parent company of the Atari video game company , and its largest customer for systems and games was Crazy Eddie . Therefore , in retaliation for the lawsuit , Eddie Antar said that if Warner was going to sue for the commercial , he would stop selling Atari products in his stores . The suit was eventually settled .

The commercials were so memorable that HBO 's news parody series Not Necessarily The News created a parody television commercial featuring a caricature of Oliver North (from the then @-@ infamous Iran @-@ Contra affair) , known as " Crazy Ollie " , selling used weapons at bargain prices . An early Eddies commercial parody appeared on NBC 's Saturday Night Live on January 22 , 1977 in the Dan Aykroyd creation , " Crazy Ernie . " Carroll and the commercials became significant culturally during 1980s , with the commercials sometimes appearing in the background of contemporary motion pictures . An example is the frightening first sight of a television set with a typical Jerry Carroll commercial on screen by Daryl Hannah 's mermaid character in Ron Howard 's 1984 comedy Splash .

Crazy Eddie also was known to have in @-@ store appearances by notable rock acts , including all four members of Queen in their Manhattan location on Tuesday , July 27 , 1982 (prior to their performance that evening at Madison Square Garden) .

= = Fraud = =

Almost from the beginning , Crazy Eddie 's management was engaged in various forms of fraud . The Antars deliberately falsified their books to reduce (or eliminate) their taxable income . They also paid employees off the books , and regularly skimmed thousands of dollars (in cash) earned at the shops . For every \$ 5 Crazy Eddie reported as income , \$ 1 was taken by the Antars . During 1979 , the Antars began depositing much of this money - hundreds of thousands of dollars - in

Israeli bank accounts . The Antar family skimmed an estimated \$ 3 million to \$ 4 million (US) per year at the height of their fraud . In one offshore bank account , the family deposited more than \$ 6 million between 1980 and 1983 .

By 1983 , it was becoming more and more difficult to hide the millions of illicit dollars . The Antars decided that the way to cover up their growing fraud was to make the company public . In preparation , Eddie Antar initiated a scheme during 1979 to skim less each year . Since more income was actually being reported , this had the effect of showing drastically increasing profit margins . While the company 's actual profits (taking into account skimmed profits) from 1980 to 1983 increased approximately 13 % , reported profits increased nearly 171 % .

Despite the misgivings of people closely associated with Crazy Eddie , the company held its initial public offering on September 13 , 1984 (symbol : CRZY) . Shares of the company sold initially for \$ 8 . By early 1986 , Crazy Eddie stock was trading at more than \$ 75 per share (split adjusted) .

Eddie recruited his cousin , Sam E. Antar (known as Sammy) , to assist the company with its fraud . Sammy earned a degree in accounting during 1980 , and served his apprenticeship with Penn and Horowitz , Crazy Eddie 's auditor . During 1986 , he was named chief financial officer of the company . Sammy was informed that there was a \$ 3 million deficit from the previous year 's inventory fraud that needed to be hidden . Additionally , he was instructed to find ways to show a 10 % growth in sales .

One of Sammy 's major schemes was a money laundering operation later known as the Panama Pump ? money that the Antars had deposited in Israeli banks was transferred to bank accounts in Panama . These accounts , opened using false names , then drafted payments to Crazy Eddie . This money was largely used to inflate same @-@ store sales totals for the company .

As a public company , Eddie , Sammy , and others engaged in increasing amounts of inventory fraud to increase reported profits and inflate the value of Crazy Eddie stock . For the fiscal year ended March 1 , 1985 , Crazy Eddie falsified inventories by \$ 3 million . The next fiscal year , that amount increased to between \$ 10 and \$ 12 million .

= = = Collapse = = =

Only months after Crazy Eddie 's IPO , Eddie Antar started arguing with his wife and former high school sweetheart , Debbie . He began having an affair with another woman , also named Debbie . They were caught by Eddie 's wife and sister on New Year 's Eve 1984 . Crazy Eddie 's troubles began almost immediately afterward ; the scam had relied extensively on family members helping keep the appearance that it was an immensely successful company .

By 1987 , Sammy 's goal was no longer to show greater profitability , but rather to disguise previous frauds . During fiscal year 1987 , they falsified inventories between \$ 22 @.@ 5 and \$ 28 million . In addition , Crazy Eddie booked \$ 20 million in phony debit memos or charge backs to vendors that reduced accounts payable .

As the company 's fraud became more difficult to disguise , the public perception of Crazy Eddie as a commercial success began to change . By October 1986 , the company 's stock value had decreased to \$ 17 @.@ 50 per share . During December , Eddie Antar announced his resignation as president and CEO . During April 1987 , it was announced that Eddie had in fact retained his role as president but had dismissed , among others , his father Sam M. Antar . But by then Eddie had already cashed out his share of Crazy Eddie stock , worth between \$ 25 million and \$ 30 million .

By the spring of 1987 , the company 's stock cost less than \$ 10 a share . Additionally , earnings decreased 20 % from the previous year . The franchise did show a 34 % sales increase , but this was mainly the result of 13 new store openings . During May 1987 , Eddie began proceedings to make the company private again .

Before that could happen , Houston @-@ based businessman Elias Zinn and management consultant Victor Palmieri initiated a hostile takeover . With Palmieri 's backing , Zinn purchased \$ 17 @.@ 5 million worth of Crazy Eddie stock , which represented 7 @.@ 5 % of the outstanding shares . Once rumors of a takeover started , financial analysts began to examine more closely Crazy Eddie 's financial situation . What they discovered was that while most stockholders of the

company had lost money since 1984 , Eddie Antar had sold 6 @. @ 5 million shares worth \$ 74 million . A flurry of stockholder lawsuits were filed against the Antar family .

Eddie and Sammy briefly attempted to counter @-@ offer Zinn 's takeover , but Zinn quickly topped their funds . The Antars ' bid was ended , and Zinn became the new owner of Crazy Eddie on November 6 , 1987 . He immediately dismissed the rest of the Antar family from any important jobs . When Palmieri 's financial analysts completed their preliminary audit a few weeks after the takeover , they estimated that Crazy Eddie 's inventory was short by \$ 40 to \$ 50 million . The final figure was \$ 80 million .

By June 1988 , Crazy Eddie 's suppliers were demanding the liquidation of the company , so they could recover money owed to them ; during 1989 they got their wish . The closing of Crazy Eddie began during March 1989 , as the company shuttered 17 of its 43 stores . On June 6 , 1989 Crazy Eddie was served with a petition by five of its creditors , who had not been paid a total of \$ 860 @, @ 000 they were owed , which sought to have the company forced into bankruptcy . The company originally planned to fight the petition and file for dismissal , but 15 days later Crazy Eddie voluntarily filed for Chapter 11 bankruptcy protection . Company president and CEO Peter Martosella cited problems created by the creditors ' position (which he termed " ill @-@ advised ") , but said business would be conducted as usual at the remaining 26 stores and that Crazy Eddie was still a strong franchise . The company vowed to stay in business but despite Martosella 's assertions Crazy Eddie continued to falter . By the autumn of 1989 , sales were continuing to decrease and stores were unable to keep items stocked due to lack of supplier interest in the company . Faced with these facts , Crazy Eddie management decided that the chain was not worth saving . Soon after Crazy Eddie began going @-@ out @-@ of @-@ business sales , but store supply remained minimal even when leftover merchandise from stores that had shuttered was sent to others that were still in operation . By the end of 1989 the remaining 26 Crazy Eddie locations closed and the chain ceased to exist . During a period of three years Crazy Eddie had gone from one of the most lucrative retailers in the United States and trading at \$ 75 per share to bankruptcy and liquidation .

= = = Legal battles = = =

In the meantime , a longtime Crazy Eddie associate named Arnie Spindler , who quit the company after Eddie Antar dismissed his father Sam , brothers Allen and Mitchell and others after a family dispute , had provided investigators with information concerning Crazy Eddie 's fraudulent business practices . Spindler implicated Eddie and Sammy , but stated the rest of the family was innocent . Regardless , the SEC served subpoenas to the entire Antar family .

Based on information gathered during its investigation , the SEC charged Eddie Antar with securities fraud and illegal insider trading on September 6 , 1989 . During January 1990 , a Federal district judge ordered Antar to repatriate more than \$ 50 million he had transferred illegally to Israel . He was also ordered to appear in court to explain what had happened with the money . When he failed to appear , an arrest warrant was issued . Eddie surrendered to U.S. Marshals a week later , but was released and ordered to appear at a second hearing . When he failed to appear at that hearing , a second arrest warrant was issued and his assets were frozen .

Eddie Antar fled to Israel using a fake passport and the alias David Jacob Levi Cohen , and purchased a townhouse in the city of Yavne . After Eddie left the country , Sammy offered to testify for Federal prosecutors in exchange for immunity . Sammy pleaded guilty to three felonies . However , he avoided jail time for his testimony , and was instead sentenced to six months of house arrest , 1 @, @ 200 hours of community service , three years of probation , and was given more than \$ 10 @, @ 000 in fines . As of 2009 , Sammy was an adviser for government agencies and businesses investigating fraud .

Eddie Antar was arrested near Tel Aviv during June 1992 . While being held in Israel , Eddie was charged with Federal racketeering conspiracy . He was extradited to the United States during January 1993 , and pleaded not guilty to the charges brought against him . Eddie Antar 's fraud trial began during June , and was prosecuted jointly by U.S. Attorneys Paul Weissman and Michael Chertoff . On July 20 , 1993 , Eddie Antar was found guilty of 17 counts of fraud . His brother ,

Mitchell , was found guilty of three counts , and acquitted on two .

During April 1994 , Eddie Antar was sentenced to 12 ½ years in prison for racketeering and stock fraud . Antar 's lawyers immediately filed an appeal , citing what they believed was bias on the part of the presiding judge . During April 1995 , the verdicts against Eddie and Mitchell were overturned by a Federal appeals panel . Chertoff , calling Eddie " the Darth Vader of capitalism , " vowed to begin a new trial .

Antar eventually pleaded guilty to Federal fraud charges during May 1996 . During February 1997 , he was sentenced to eight years in prison . He was ordered to pay more than \$ 150 million in fines , in addition to the more than \$ 1 billion in judgments against him , resulting from various civil suits . Efforts to recover additional money from the Antar family on behalf of defrauded stockholders were finally completed during 2012 .

= = Revival attempts = =

Soon after the chain closed during 1989 a New Jersey @-@ based investment group led by Alex Adjimi bought the rights to the Crazy Eddie trademark and announced during January 1990 that it had purchased the leases on Crazy Eddie 's Brooklyn flagship store and another in East Brunswick , New Jersey . The intent of Adjimi 's group was to reopen the chain , but nothing ever came of the attempt .

During 1998 , the grandchildren of Eddie , Allen , and Mitchell Antar revived the Crazy Eddie electronics chain with a shop in Wayne , New Jersey , and as an online internet venture , crazyeddieonline.com. The revived company retained the slogan " his prices are insane " and re @-@ hired Jerry Carroll , who by this time had founded his own advertisement agency , as spokesman . Despite plans to expand the chain to a potential 10 stores , the new Crazy Eddie did not expand beyond the Wayne store and during 1999 the only shop of the revived chain closed .

Eddie Antar returned to the company during 2001 , which by this time had been doing business solely as an internet and buy @-@ by @-@ telephone business for more than a year . He reinitiated the website as crazyeddie.com and once again hired Jerry Carroll to do its advertising . By 2004 crazyeddie.com had disappeared again , and after a brief attempt to revive the online retailer during 2005 Crazy Eddie ceased to exist once again . The Crazy Eddie trademark and associated intellectual property were then acquired by Texas @-@ based company Trident Growth Fund . During July 2006 , Trident attempted to auction the brand and the domain name crazyeddie.com on eBay , with limited success . The auction ended without the reserve price being met , the highest bid being \$ 30 @,@ 100 (US) .

On March 3 , 2009 , it was announced that Brooklyn @-@ based businessman Jack Gemal had bought the rights to the Crazy Eddie name and quickly began a new online Crazy Eddie venture at pricesareinsane.com. Gemal was also reported to be scouting retail space for new Crazy Eddie retail locations , stating that he wanted to open 50 locations during the next two years . This online venture performed business in the same manner as Crazy Eddie 's other online stores , selling appliances and other electronics through the internet . However , Gemal was never able to find the retail space he sought to reinitiate the Crazy Eddie store chain and during 2012 the online business ceased to exist . A placeholder page currently occupies pricesareinsane.com.