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JUSTICE DEPARTMENT AND LAW ENFORCEMENT PARTNERS ANNOUNCE CIVIL AND CRIMINAL ACTIONS TO DISMANTLE GLOBAL NETWORK OF MASS MAILING FRAUD SCHEMES TARGETING ELDERLY AND VULNERABLE VICTIMS

Government Agencies and Non-Profits Collaborate to Launch Public Education Campaign

The Justice Department, in coordination with the U.S. Postal Inspection Service (USPIS), the Department of the Treasury's Office of Foreign Assets Control (OFAC) and other law enforcement partners, today announced wide-ranging enforcement actions – including criminal charges, economic sanctions, seizure of criminal proceeds and civil injunction lawsuits – along with the execution of search warrants to combat a global network of mass mailing fraud schemes that collectively have defrauded millions of elderly and vulnerable victims across the United States out of hundreds of millions of dollars. Simultaneously, a consortium of government agencies and non-profit groups led by the department's Consumer Protection Branch and Elder Justice Initiative announced a public education campaign to heighten public awareness and educate potential victims and their families about these schemes.

The actions announced today are part of a broader effort by the department and its international law enforcement partners to attack fraud schemes targeting older Americans and other vulnerable populations that involve individuals and entities across the globe, including Canada, France, India, the Netherlands, Singapore, Switzerland, Turkey and the United States.

“Every year, fraudulent mail schemes target millions of Americans with false promises of wealth and riches, swindling hundreds of thousands of our fellow citizens,” said Attorney General Loretta E. Lynch. “Today's actions send a clear message that the Department of Justice is determined to hold the perpetrators of these harmful schemes accountable. And they make unmistakably clear that we are committed to protecting our people from exploitation – especially our older citizens, who are so often the focus of these shameful ruses. I want to thank our partners across the federal government for their assistance in bringing these actions, and I pledge the department's ongoing dedication to ending mail fraud.”

“The law enforcement and civil injunction efforts announced today are just a part of our initiative,” said Postal Service's Chief Postal Inspector Guy Cottrell. “We believe that consumer education is the best

defense against these scammers. We can't arrest all of these con artists, so preventing the crime is critical.”

The mail schemes involve a complicated web of actors located across the world and each scheme follows a similar pattern. Fraudulent “direct mailers” create letters falsely claiming that the recipient has won, or will soon win, cash or valuable prizes, or otherwise will come into good fortune. In order to collect these benefits, the letters say that the recipients need only send in a small amount of money for a processing fee or taxes. The letters appear to come from legitimate sources, typically on official-looking letterhead, and – even though they are in reality identical form letters – the letters appear to be personally addressed. Some solicitations even use fonts that appear to be handwritten.

Today's actions include both criminal and civil cases against multiple “direct mailers” who, collectively, are responsible for dozens of schemes involving tens of millions of dollars every year. In addition, today's actions also seek to shut down several other actors who work with the mailers to carry out these schemes: an India-based printer that manufactures the solicitations and arranges for bulk shipment to U.S. victims; list brokers who buy, sell or rent lists of victims from one mailer to another so that once a victim has fallen prey to one scheme, others are able to target this victim; and a Canadian payment processor that, for more than 20 years, has helped dozens of international fraudsters gain access to U.S. banks and take money from victims.

“The Civil Division's Consumer Protection Branch is working with international and domestic law enforcement through the International Mass-Marketing Fraud Working Group to dismantle these complex frauds through both civil and criminal actions,” said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. “And we will continue to work with federal partners and non-governmental organizations to educate the public about this threat to vulnerable consumers.”

“The defendants targeted the elderly and vulnerable by selling false promises of cash and lavish prizes,” said U.S. Attorney Robert L. Capers for the Eastern District of New York. “Not surprisingly, the only good fortune befell the defendants. We will employ every available means, including educating consumers, to protect the public from these schemes.”

Actions against Canadian Payment Processor

The Justice Department, OFAC, and USPIA took simultaneous actions today against PacNet Services Ltd. (PacNet), an international payments processor and money services business based in Vancouver, Canada, along with affiliate companies and their operators. Today OFAC **designated the PacNet Group as a significant transnational criminal organization** (TCO) pursuant to Executive Order (E.O.) 13581, “Blocking Property of Transnational Criminal Organizations.” OFAC is also designating a global network of 12 individuals and 24 entities across 18 countries. As a result of today's action, all property and

interests in property of the designated persons subject to U.S. jurisdiction are blocked, and U.S. persons are prohibited from engaging in transactions with them.

In addition, USPIS has sought and obtained a seizure warrant in the U.S. District Court for the Eastern District of New York for the funds in a PacNet U.S. bank account that is used to process payments received through fraudulent mailings. The matter is being investigated by the USPIS team assigned to the Consumer Protection Branch, in conjunction with the USPIS's Newark Division, Internal Revenue Service-Criminal Investigation's Newark Field Office and Homeland Security Investigation's El Dorado Money Laundering Task Force.

According to court filings made public today, PacNet has a 20-year history of engaging in money laundering and mail fraud, by knowingly processing payments on behalf of a wide range of mail fraud schemes that target victims in the United States and throughout the world. According to these records, in 2016 alone, PacNet has processed payments for the perpetrators of more than 100 different mail fraud campaigns, collectively involving tens of millions of dollars. In doing so, PacNet provides fraudsters in other countries with unfettered access to U.S. banks. The records also identify PacNet as the processor for each of the defendants named in the cases announced by the Department today.

“PacNet has knowingly facilitated the fraudulent activities of its customers for many years, and today's designations are aimed at shielding Americans and the nation's financial system from the large-scale, illicit money flows that are generated by these scams against vulnerable individuals,” said OFAC Acting Director John E. Smith. “Treasury will continue to use its authorities to respond to the evolving nature of transnational organized crime.”

Criminal Charges and Civil Injunction Action Filed against Turkish Direct Mailer

In a criminal complaint filed in the U.S. District Court for the Eastern District of New York, the government charged Ercan Barka, 34, a resident of Turkey, with conspiracy to commit mail fraud. According to the criminal complaint, Barka arranged for fraudulent solicitations to be mass-mailed to victims across the United States. The fraudulent solicitations told recipients that they had won cash awards or lavish prize items and needed to pay a “fee” to claim their winnings. Victims allegedly received nothing in return for their fees. Barka was arrested by U.S. Postal Inspectors at JFK International Airport in New York on Sept. 3, as he was about to board a plane bound for Turkey.

The government also brought a civil injunction action under the Anti-Fraud Injunction Statute against Barka and True Vision LLC, a Delaware-based corporation through which he operates. The civil complaint seeks to preliminarily and permanently ban Barka from participating in mail fraud schemes. The complaint alleges that Barka sends millions of fraudulent mailings to potential U.S. victims each year and that, since 2012, U.S. victims have paid more than \$29 million to Barka's mailing campaigns.

Civil Action under the Anti-Fraud Injunction Statute against Swiss/Singaporean Direct Mailer, Indian Printer and Connecticut “List Broker”

In a separate civil action, the United States brought suit to shut down entities and individuals, some of whom have engaged in numerous predatory mail fraud schemes for more than a decade, targeting primarily the elderly and vulnerable. First, the complaint names BDK Mailing GmbH, Mailing Force Pte. Ltd. and Only Three Pte. Ltd. (collectively BDK). These entities, under common ownership, are based in Switzerland and Singapore. The complaint also names BDK’s principals, Chantal Seguy, 58, and Marion Elchlepp, 25, both of Paris, and Aurore Jouffroy, of Zurich. BDK acts as a “direct mailer” responsible for mailing millions of multi-piece solicitations to potential victims throughout the United States that profess to come from financial entities, scholars and world-renowned psychics, with contrived names like “Harrison Institute,” “Dr. Grant,” “Finkelstein & Partner,” and “Marie de Fortune,” among others. The solicitations are written to give the impression that they are personalized and inform recipients that they will receive large sums of money, guaranteed money-making methods and/or powerful talismans in return for payment of a fee of \$50 to \$55. In reality, the complaint alleges, the purported senders and the promised winnings are fictitious. Although victims send in the requested fees by cash, check or credit card, they receive nothing in return. The complaint alleges that tens of thousands of victims send approximately \$50 to \$60 million annually in response to the defendants’ fraudulent solicitation packets.

In addition, the complaint names Macromark Inc., a Connecticut-based list broker that has marketed BDK’s lead lists to third-party direct mailers, and Mary Ellen Meyer, 45, of Mahopac, New York, a Macromark client service manager. The complaint alleges that Macromark and Meyer have rented lead lists to BDK and other fraudulent direct mailers who Macromark and Meyer knew would use the lists to personalize and address hundreds of thousands of solicitation packets to potential victims across the United States. Macromark marketed the lead lists as containing the demographic information of individuals likely to send money in response to the solicitations. The lists collectively contained approximately 750,000 potential victim names and addresses, according to the complaint.

Finally, the complaint names Mail Order Solutions India Pvt. Ltd. (MOSI), an India-based printer and distributor, and its principals, Dharti Desai, 49, of New York County and Mumbai, India, and Mehul Desai, also of Mumbai. As alleged in the complaint, MOSI and its principals have served as one of BDK’s printer/distributors since at least 2005. MOSI designs, edits and proofreads BDK’s solicitations, then “lettershops” them (folds, inserts and seals the various printed elements of the solicitations into mailing envelopes). MOSI prepares the letters for entry into the U.S. mail either as air freight to JFK (or another international airport) for delivery to a domestic mailing house, or by shipping the letters to Singapore, Fiji or Hungary for introduction via the foreign post. The complaint alleges that since 2013, MOSI has shipped at least 24.5 million solicitation packets to the United States.

Civil Action under the Anti-Fraud Injunction Statute against New York Direct Mailer

In another civil injunction action, the department seeks to stop a collection of businesses and individuals who have operated a direct mailing scheme based out of Long Island, New York, since at least 2012. The complaint alleges that DMCS Inc., Direct Marketing Consulting Services Inc., Horizon Marketing Services Inc. (Horizon), Quantum Marketing Inc. (Quantum) and their principals, Sean Novis, 46; Gary Denkberg, 53; and Cathy Johnson, 34, all of Nassau County, New York, committed mail fraud in connection with their scheme. The complaint alleges that the defendants send fraudulent solicitations styled as notifications that the recipient has won a large cash prize, typically worth more than \$1 million. The complaint alleges that the defendants mail hundreds of thousands of solicitations to potential victims throughout the United States every year and have grossed roughly \$30.4 million since 2012.

Consent Decree Entered against Dutch “Caging Service”

Also today, the department announced that the U.S. District Court for the Eastern District of New York entered a consent decree of permanent injunction against two Dutch caging businesses and their principal, Erik Dekker, 54, of Langbroek, the Netherlands, to prevent them from assisting mass-mailing fraud schemes. The businesses – Kommunikatie Service Buitenland B.V. (KSB) and Trends Service in Kommunikatie B.V. – are known collectively as Trends. The **complaint**, which was filed June 1, alleged that Trends and Dekker used P.O. boxes in the Netherlands from which they collected tens of millions of dollars in victim payments for multiple international mail fraud schemes, tracked victims’ information and forwarded proceeds to PacNet for processing.

Also on June 1, Dutch law enforcement agents executed search warrants on the business address used by both companies and on Dekker’s home address. The Dutch authorities also took control of the Dutch P.O. boxes used by the defendants to receive victim funds. The coordinated U.S. and Dutch enforcement actions immediately stopped the use of Dutch P.O. boxes to receive payments from fraud victims. Further investigation revealed that Trends was providing caging services for the Barka and BDK schemes targeted in today’s actions.

Trends and Dekker agreed to settle the litigation and be bound by a consent decree of permanent injunction that prohibits them from performing caging services for prize or psychic mailing campaigns, or any other mailing campaign that misrepresents itself to consumers. The injunction also allows USPIS to intercept U.S. mail headed to the defendants, and to return that mail – along with any money being sent to the defendants – to U.S. victims.

Criminal Charges against Nevada Mass Mailer

On Sept. 20, pursuant to a 24-count indictment unsealed that day, Glen Burke, 56, of Las Vegas, was arrested on charges related to operating fraudulent schemes including a mass-mailing prize campaign that violated a federal court order. According to the charges, Burke’s business mailed solicitations designed to fool recipients into believing that they had won thousands or millions of dollars. The

solicitations allegedly used fictitious names and in many cases looked like they came from law firms or financial institutions. The indictment alleges that the solicitations advised consumers to pay a fee – usually \$20 to \$30 – in order to claim their winnings. Once consumers paid, however, Burke allegedly failed to send anyone their promised winnings of thousands or millions of dollars.

The indictment also charges Burke and a co-defendant, Michael Rossi, 51, of Las Vegas, with running a fraudulent telemarketing campaign that mirrored the mass-mailing campaign. Rossi was also arrested on Sept. 20. According to the indictment, telemarketers hired by Burke and Rossi falsely told consumers that they had been selected to receive a valuable prize worth thousands of dollars, and that they would receive the prize if they bought certain products. Burke and Rossi are charged with conspiracy, mail fraud and wire fraud in connection with telephone promotions.

The indictment includes criminal contempt charges against Burke, which stem from a court order entered as part of a Federal Trade Commission (FTC) case brought in 1997, in which the FTC successfully obtained an order that barred Burke from misrepresenting material information to consumers. Criminal contempt of court has no statutory maximum penalty.

In addition to the contempt charges, Burke and Rossi are each charged with 16 counts of wire fraud, five counts of mail fraud and one count of conspiracy. Each of these counts carries a statutory maximum penalty of 20 years in prison. The indictment also seeks forfeiture of criminal proceeds.

FTC Action against California Mailer, Florida Printer and Florida List Broker

The FTC filed a [case](#) today in U.S. District Court for the Central District of California against Terry Somenzi, 74, of Los Angeles, who did business through a company called International Advisory Services Inc.; David Raff, 54, of Weston, Florida, and his company, Millennium Direct Inc., also doing business as MDI Lists; and Ian Gamberg, 37, also of Weston, doing business through Printmail Corporate Solutions Inc. As alleged in the FTC's [complaint](#), since at least 2013, the defendants participated in mailing hundreds of thousands of cash prize notifications from fictitious companies, including Paulson Independent Distributors, International Procurement Center, Keller, Sloan & Associates and Phelps Ingram Distributors, informing mostly elderly consumers that they won a substantial cash prize of nearly \$1 million or more. The notifications instruct consumers to pay a fee of approximately \$25 to collect their prizes, but those who paid received nothing in return. According to the complaint, Somenzi and Raff, directly and through third-parties, provided the cash prize notifications and mailing lists of consumers' names and addresses to Gamberg, who then arranged to have the notifications printed and mailed. Many consumers who paid the "fees" later received numerous other deceptive personalized cash prize notifications from the defendants and other companies who purchased lists containing the consumers' personal information.

“In the 21st century, the scam in your mailbox just as likely comes from the other side of the world as from the other side of town,” said Director Jessica Rich of the FTC’s Bureau of Consumer Protection. “The FTC’s efforts to protect consumers don’t stop at our borders; we work with partners around the world against the perpetrators of mass mailing fraud. Regardless of where the fraud comes from, we encourage consumers to let us know if they have been scam victims; we share complaint information with our law enforcement partners in the United States. and abroad. Report your complaint at www.ftc.gov, or, for international scams, at the 36-agency joint website www.econsumer.gov.”

Iowa Attorney General Actions against List Broker and Direct Mailers

The Iowa State Attorney General took action today against fraudulent mass mailers and others facilitating their schemes. It negotiated an Assurance of Voluntary Compliance (AVC) with list broker Macromark to resolve allegations that the company facilitated fraudulent activities on the part of operations that mailed deceptive solicitations relating to sweepstakes and psychics. The AVC with Macromark requires it to refrain from any further facilitation of such fraudulent activities affecting Iowa residents and to pay \$30,000 into a fund that protects elderly Iowans against consumer fraud.

The Iowa Attorney General also brought an action under the Iowa Consumer Fraud Act seeking an injunction, restitution and other relief against Waverly Direct Inc., and its owner, Gordon Shearer, a New York-based direct mailer. Shearer and his company allegedly sent out deceptive mailings from the so-called “Numerological Resource Center.” These defendants maintain lists of vulnerable people who fell prey to their schemes, according to Iowa’s lawsuit, and market these lists to other mass mailers through a list broker.

Finally, the Iowa Attorney General brought a lawsuit under the Iowa Consumer Fraud Act against Nicholas Valenti of Nevada. Valenti has allegedly been involved in marketing the rights to send out deceptive mailings regarding techniques for winning lotteries and other chance-dominated gaming activities.

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The charges and allegations in the indictments and criminal complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty. The claims made in the civil complaints are allegations only, and there has been no determination of liability.

Public Education

Reflecting the government’s unified effort to combat elder financial exploitation, the [Consumer Protection Branch](#) and [Elder Justice Initiative](#) have spearheaded a multi-agency education campaign to inform the public about mass mailing fraud and how it can be avoided. Agency partners include the

USPIS, the FTC, the Consumer Financial Protection Bureau, the Social Security Administration, the Securities and Exchange Commission, the Commodities Futures Trading Commission and USA.gov. As described in detail in the fact sheet, each agency is using its means of public outreach to broadcast information about the prevalence of mass mailing fraud. The outreach includes messages to caregivers – such as friends, relatives, social workers and others in contact with older individuals – about the need to be vigilant against prize or psychic letters being sent to those under their care.

In addition, and as described in detail in the fact sheet, the government has also joined forces with non-governmental organizations in the elder justice and consumer protection arena, each of which will contribute to the public education campaign. These groups include AARP, Consumers Union, Consumer Federation of America, the Elder Justice Coalition, Meals on Wheels Association of America, National Adult Protection Services Association, National Association of Area Agencies on Aging (n4a), National Association of States United for Aging and Disabilities, National Center for Victims of Crime and National Consumers League. Using their vast networks and communication tools, these organizations will alert their members and the public to the scourge of mass mailing fraud schemes and offer tips to combat financial exploitation. Their tools include websites, newsletters, social media channels, training and outreach events and other means.

U.S. law enforcement's actions against mass-mailing fraud arise out of a larger worldwide effort. Mass-mailing fraud has been identified as a major financial threat by the International Mass-Marketing Fraud Working Group (IMMFWG), a network of civil and criminal law enforcement agencies from Australia, Belgium, Canada, Europol, the Netherlands, Nigeria, Norway, Spain, the United Kingdom and the United States. The IMMFWG is co-chaired by the U.S. Department of Justice and FTC, and law enforcement in the United Kingdom. Recent actions have been taken by law enforcement agencies from several working group countries, including Belgium, Canada, the Netherlands and the United Kingdom, to disrupt mass mailing fraud schemes and gather evidence for prosecution of criminal participants. Through these efforts, the working group serves as a model for international cooperation against specific threats that endanger the financial well-being of each country's residents.

More information on fraud against the elderly is available at <https://www.justice.gov/elderjustice/>. For more information about the Consumer Protection Branch and its enforcement efforts, visit its website at <http://www.justice.gov/civil/consumer-protection-branch>.