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SIX INDIVIDUALS SENTENCED FOR MULTI-MILLION DOLLAR E-MAIL STOCK FRAUD SCHEME

WASHINGTON – Six individuals were sentenced today in federal court in Detroit for their roles in a wide-ranging international stock fraud scheme involving the illegal use of bulk commercial e-mails, or "spamming," announced Assistant Attorney General of the Criminal Division Lanny A. Breuer and U.S. Attorney for the Eastern District of Michigan Terrence Berg. The defendants were sentenced by U.S. District Judge Marianne O. Battani.

Frank Tribble, 42, of Bayside, N.Y., was sentenced to 51 months in prison for conspiring to commit wire fraud, mail fraud and to violate the CAN-SPAM Act, and also for committing wire fraud and engaging in money laundering. Tribble was also sentenced to five years of supervised release following his prison term and agreed to forfeit $500,000 to the United States.

Judy Devenow, 56, of East Lansing, Mich., was sentenced to 18 months in prison for conspiring to commit wire fraud, mail fraud and to violate the CAN-SPAM Act, and also committing a substantive violation of the CAN-SPAM Act. Devenow was also sentenced to three years of supervised release following her prison term and ordered to pay a $7,500 fine.

William Neil, 46, of Fresno, Calif., was sentenced to 35 months in prison for conspiring to violate the CAN-SPAM Act and committing a substantive violation of the CAN-SPAM Act. Neil was also sentenced to three years of supervised release following his prison term and agreed to forfeit $56,000 to the United States.

James Bragg, 40, of Sun Lakes, Ariz., was sentenced to 12 months and one day in prison for conspiring to commit wire fraud, mail fraud and to violate the CAN-SPAM Act, and also committing a substantive violation of the CAN-SPAM Act. Bragg was also sentenced to three years of supervised release following his prison term and agreed to forfeit $120,000 to the United States.

James Fite, 36, of Culver City, Calif., was sentenced to 12 months and one day in prison for conspiring to commit wire fraud, mail fraud and to violate the CAN-SPAM Act, committing a substantive violation of the CAN-SPAM Act and making a false statement to federal agents. Fite was also sentenced to three years of supervised release following his prison term and agreed to forfeit $20,000 to the United States.

David Patton, 49, of Centreville, Va., was sentenced to one day in prison for aiding and abetting Alan Ralsky and others in committing substantive violations of the CAN-SPAM Act. Patton was also sentenced to one year of supervised release following his prison term and was ordered to forfeit $50,100 to the United States, which was paid in full today. He also was ordered to pay a $3,000 fine.

According to court documents, from January 2004 through September 2005, Alan Ralsky, Scott Bradley, Devenow, John Bown, William Neil, Bragg, Fite, Tribble, How Wai John Hui and others engaged in a related set of conspiracies designed to use spam e-mails to manipulate thinly traded stocks and profit by trading in those stocks once their share prices increased after recipients of the spam e-mails traded in the stocks being promoted.

The defendants, with the exception of Patton, were indicted in the Eastern District of Michigan in December 2007. Tribble and Devenow pleaded guilty in October 2008. William Neil, Bragg and Fite pleaded guilty in June 2009. Patton pleaded guilty to a criminal information in the Eastern District of Michigan in July 2009.

Tribble planned and directed the stock trading carried out in furtherance of the conspiracy. Devenow served as a manager for the spam e-mail operation and also sent spam e-mails. William Neil, who was the chief operating officer of Internet services company GDC Layer One, served, created and maintained a computer network used to send e-mail in furtherance of the conspiracy. Bragg and Fite were contract mailers for the spam e-mail operation, and Patton created, marketed and sold to Ralsky specialized spamming software that the conspirators then used to send out millions of illegal spam e-mails.

According to court documents, many of the spam e-mails promoted thinly traded “pink sheet” stocks for U.S. companies owned and controlled by individuals in Hong Kong and China. The spam e-mails contained materially false and misleading information or omissions and were created and sent using software programs that made it difficult to trace them back to the conspirators. According to the indictment, the conspirators used wire communications, the U.S. mail and common carriers to perpetrate their frauds. The conspirators also engaged in money laundering involving millions of dollars generated by their manipulative stock trading.

According to the indictment, the defendants used various illegal methods in order to maximize the amount of spam that evaded spam-blocking devices and tricked recipients into opening, and acting on, the advertisements in the spam. These included using falsified “headers” in the e-mail messages, using proxy computers to relay the spam, using falsely registered domain names to send the spam, and also making misrepresentations in the advertising content of some of the underlying e-mail messages.

Anki Neil and Peter Severa are also named as defendants in the indictment returned in the Eastern District of Michigan and their cases are still pending. An indictment is merely an accusation and defendants are presumed innocent until and unless proven guilty at trial beyond a reasonable doubt.

Ralsky, Bradley, Hui and Bown were sentenced yesterday for their roles in the scheme. Ralsky was sentenced to 51 months in prison; Bradley was sentenced to 40 months in prison; Hui was sentenced to 51 months in prison; and Bown was sentenced to 32 months in prison. The four defendants were also sentenced to supervised release following their prison terms as well as ordered to forfeit various amounts and/or pay fines.

The charges arose after a three-year investigation, led by the FBI with assistance from the U.S. Postal Inspection Service and IRS-CI revealed a sophisticated and extensive spamming operation. The U.S. Securities and Exchange Commission's Philadelphia Regional Office has provided significant ongoing assistance in this case. The case is being prosecuted by U.S. Attorney Terrence Berg and Trial Attorneys Thomas Dukes and Mona Sedky of the Criminal Division's Computer Crime and Intellectual Property Section.

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