UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA	SEALED INDICTMENT
-v-	
MISSION SETTLEMENT AGENCY, a/k/a "Mission Abstract LLC," a/k/a "Alpha Debt Settlement," MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon,"	13 Cr.
Defendants.	

COUNT ONE
(Conspiracy to Commit Mail and Wire Fraud)

The Grand Jury charges:

BACKGROUND

1. At all times relevant to this Indictment, MISSION SETTLEMENT AGENCY, a/k/a Mission Abstract LLC, a/k/a Alpha Debt Settlement ("MISSION"), the defendant, was a company that offered "debt settlement" services to financially disadvantaged individuals who were struggling or unable to pay their credit card debts. Like other purported debt settlement providers, MISSION held itself out as a company that could successfully negotiate to lower the overall debt its customers owed to credit card companies and banks. MISSION was founded in or about 2009 and operated continuously, at various offices located in

Manhattan and/or Brooklyn, up to and including in or about May 2013.

2. At all times relevant to this Indictment, MICHAEL LEVITIS, the defendant, operated and controlled MISSION. Although LEVITIS's mother was listed as MISSION's owner on certain corporate documents, in truth and in fact, it was LEVITIS who was responsible for managing MISSION's day-to-day operations, its finances, its hiring and termination of employees, and its advertising and solicitation of customers.

3. At all times relevant to this Indictment, DENIS KURLYAND, the defendant, was employed by MISSION as Vice President of Sales. In that capacity, among other things, KURLYAND supervised certain MISSION sales representatives and helped coordinate MISSION's sales strategy, including arranging for solicitation letters to be mailed to prospective customers on MISSION's behalf. KURLYAND reported directly to MICHAEL LEVITIS, the defendant.

4. At all times relevant to this Indictment, BORIS SHULMAN, the defendant, was employed by MISSION as a sales representative. In that capacity, SHULMAN was responsible for recruiting prospective customers by phone, by email, and in person. SHULMAN reported directly to DENIS KURLYAND, the defendant.

5. At all times relevant to this Indictment, MANUEL CRUZ, a/k/a "James Leon," the defendant, was a MISSION employee whose responsibilities included, among other things, assisting MISSION with customer solicitation.

OVERVIEW OF THE FRAUDULENT SCHEME

6. From at least in or about 2009 up to and including in or about May 2013, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, systematically exploited and defrauded over a thousand financially disadvantaged individuals across the country. Preying upon the financial desperation of individuals struggling to pay their credit card debts, the defendants falsely and fraudulently tricked over a thousand such individuals into becoming MISSION's customers with significant -- but false -- assurances about MISSION's ability to help as well as about the fees MISSION would charge in exchange for that help.

7. Specifically, and as set forth in greater detail below, (1) the defendants commonly lied about and/or concealed MISSION's fees, falsely indicating MISSION would charge a mere $49 per month, when in truth and in fact MISSION took thousands of dollars in fees from funds that its customers had set aside because they believed the funds would be used to pay creditors; (2) the defendants deceived prospective customers by

fraudulently promising that MISSION could help slash their debts -- typically by 45% -- when, for the majority of customers, MISSION actually did little or no work and failed to achieve any reduction in debt whatsoever; and (3) the defendants deceptively created an air of legitimacy for MISSION's business by, among other things, falsely suggesting that MISSION had affiliations with the federal government and a major credit bureau.

8. Overall, between approximately mid-2009 and March 2013, approximately 2200 customers paid a total of nearly $14 million in connection with MISSION's purported debt settlement services. Of these funds, MISSION took for itself over $6.6 million in fees and paid only approximately $4.4 million to customers' creditors. For over 1200 of its customers, MISSION took fees totaling nearly $2.2 million and has never paid a single penny to the customers' creditors as payment for any negotiated debt. Indeed, as a result of the defendants' scheme, most of MISSION's customers failed to achieve the reduction in debt that the defendants had promised them, and some of them suffered further declines in their credit ratings, were sued by their creditors, and/or fell into bankruptcy. Meanwhile, MICHAEL LEVITIS, the defendant, used the money that MISSION took from its customers to pay for, among other things, the operating expenses of a restaurant/nightclub he controlled, lease payments

for two different luxury Mercedes cars, and credit card bills for his mother.

MEANS AND METHODS OF THE CONSPIRACY

9. MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, attempted to procure customers for MISSION as follows: They targeted financially disadvantaged individuals known to be struggling to pay credit card debt and reached out to them through, among other means, telemarketing and mail solicitations. Thereafter, MISSION's sales representatives typically spoke to the prospective customers on the phone, describing MISSION's work and its ability to renegotiate debt. Where an individual ultimately expressed an interest in engaging MISSION, MISSION then had the individual enter into a contract.

10. To successfully convince individuals to become MISSION customers, however, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, made material misstatements and/or material omissions concerning a number of matters.

Lies About MISSION's Fees

11. MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants,

and others known and unknown, made material misrepresentations and material omissions concerning MISSION's fees when soliciting prospective customers. In solicitation letters and in phone conversations with prospective customers, MISSION represented that customers would be asked to make affordable monthly payments for a set period of time, that these payments would be held in escrow by a third party payment processor until MISSION had negotiated down the customers' debt obligations, and that the money held in escrow would then be used to pay the creditors. The defendants further promised that MISSION would only charge a nominal monthly fee of $49 in exchange for its efforts, and they often explained that MISSION would charge an additional fee only if MISSION succeeded at obtaining a greater reduction in debt than what had been promised.

12. For example, MISSION's sales representatives were instructed not to say anything about MISSION's fees unless specifically asked about them by prospective customers, at which point sales representatives were instructed to say that MISSION charged a "$49 administration fee" each month and that there would be an additional payment only "if we are successful at negotiating a better settlement than the 55% we promised you." A solicitation letter that MISSION sent to prospective customers similarly promised "no credit check or upfront fees" in exchange for the debt negotiation. In truth and in fact, and as the

defendants well knew, MISSION charged not only approximately $49 per month, but also an up-front fee equal to 18% of the debt the customer owed. MISSION deducted these fees from the monies that customers paid to a third party payment processor, in accordance with a monthly payment plan established by MISSION, and that customers understood would be held in escrow and ultimately used to pay their respective creditors. Indeed, MISSION regularly took for itself the entirety of the funds that its customers set aside during the first three months of their contracts with MISSION -- money that customers believed would be paid to creditors -- so as to insure that the company would receive up-front fees before any of the customers' debt was even paid down.

Lies About MISSION's Results

13. MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, typically promised prospective customers that MISSION would negotiate a substantial reduction in debt for them, typically promising prospective customers that they would have to pay only 55% of the amount owed to creditors, i.e., a reduction of about 45%. In truth and in fact, and as the defendants well knew, this promise was materially false and misleading because, among other things, (a) MISSION did little or no meaningful work to negotiate reductions in debt for many of its customers; and (b) the sort of result MISSION was

promising prospective customers was substantially more favorable than the results MISSION typically achieved for prior customers (many of whom terminated their relationships with MISSION after discovering that MISSION had lied about the fees it was charging).

Lies About MISSION's Affiliations

14. MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, made material misrepresentations about MISSION's relationships and affiliations in a deceptive effort to make MISSION seem more credible and trustworthy. For example, in an effort to attract business, MISSION sent a solicitation letter to prospective customers that falsely suggested that MISSION was acting on behalf of or in connection with a federal governmental program. Among other things, the letter included an image of the Great Seal of the United States and indicated that the letter was coming from the so-called "Reduction Plan Administrator" of the purported "Office of Disbursement." However, the letter provided a phone number and address that were MISSION's alone and, in truth and in fact, and as the defendants well knew, MISSION did not have any relationship with any federal agency, nor was it operating in connection with any federal program.

15. In the same way that MISSION falsely suggested an affiliation with the federal government, MISSION falsely suggested that it had a close relationship with one of the three leading credit bureaus in the United States ("Credit Bureau"). Specifically, MISSION's sales representatives were instructed to tell prospective customers that MISSION "works in direct correspondence with [the Credit Bureau]" and that MISSION had received the prospective customer's contact information (and other data) directly from the Credit Bureau. In truth and in fact, and as the defendants well knew, MISSION did not have any relationship with the Credit Bureau, nor did MISSION obtain contact information from the Credit Bureau.

Continued Lies

16. Between 2009 and 2013, as MISSION's customers discovered that MISSION was taking up-front fees from them and otherwise acting contrary to the representations that MISSION and its employees had made to them, the customers filed numerous complaints with MISSION in person, by phone, by email, and otherwise. Customers also filed numerous complaints with federal, state and local agencies, as well as better business bureaus, many of which in turn contacted MISSION regarding the complaints. Sometimes, in an effort to quiet complaining customers, MISSION issued partial refunds. Other times, MISSION refused to do so and defended its conduct by pointing to the

provisions of a contract that it had all of its customers sign - a contract that disclosed MISSION's fees but in confusing terms and that, in any event, MISSION's sales representatives often hurriedly directed customers to sign online or in person without first going over the terms with them. Notwithstanding the litany of complaints that they received, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, continued to maintain their false and fraudulent practices, in whole or in part.

STATUTORY ALLEGATIONS

17. From at least in or about 2009 up to and including in or about April 2013, in the Southern District of New York and elsewhere, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, to wit, the defendants engaged in a scheme to defraud customers of MISSION by, among other things, making misrepresentations about MISSION's fees, results, and affiliations.

18. It was a part and an object of the conspiracy that MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN,

and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, matters and things to be sent and delivered by the Postal Service, and would and did deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers and would and did take and receive therefrom, such matters and things, and would and did knowingly cause to be delivered by mail and such carriers according to the directions thereon, and at the places at which they were directed to be delivered by the persons to whom they were addressed, such matters and things, in violation of Title 18, United States Code, Section 1341.

19. It was further a part and object of the conspiracy that MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and

promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

OVERT ACTS

20. In furtherance of the conspiracy and to effect its illegal objects, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about November 2012, MANUEL CRUZ, a/k/a "James Leon," represented to another person that MISSION's fees were just $49.99 a month.

b. In or about early 2012, BORIS SHULMAN misrepresented the amount of MISSION's fees to a particular customer of MISSION.

c. In or about 2011, DENNIS KURLYAND and MICHAEL LEVITIS caused a fraudulent and deceptive solicitation letter to be mailed to prospective customers on behalf of MISSION.

(Title 18, United States Code, Section 1349.)

COUNT TWO
(Mail Fraud)

The Grand Jury further charges:

21. The allegations contained in paragraphs 1 through 16 and 20 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

22. From at least in or about 2009 up to and including in or about April 2013, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, did place in a post office and authorized depository for mail matter, matters and things to be sent and delivered by the Postal Service, and did deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and did take and receive therefrom, such matters and things, and did knowingly cause to be delivered by mail and such carriers, according to the directions thereon, and at the places at which they are directed to be delivered by the persons to whom they are addressed, such matters and things, to wit, the defendants engaged in a scheme to defraud customers of MISSION by, among other things, making

misrepresentations about MISSION's fees, results, and affiliations and, in doing so, caused mailings, including solicitation letters, to be made.

(Title 18, United States Code, Sections 1341 and 2.)

COUNT THREE
(Wire Fraud)

The Grand Jury further charges:

23. The allegations contained in paragraphs 1 through 16 and 20 above are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

24. From at least in or about 2009 through in or about April 2013, in the Southern District of New York and elsewhere, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, the defendants engaged in a scheme to defraud customers of MISSION by, among other things, making misrepresentations about MISSION's fees, results, and affiliations and, in doing so, caused interstate

wires, including interstate telephone calls, to be made.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

25. As the result of committing the mail and wire fraud offenses, and conspiracy offenses, in violation of Title 18, United States Code, Sections 1349, 1343, and 1341, alleged in Counts One through Three of this Indictment, MISSION, MICHAEL LEVITIS, DENIS KURLYAND, BORIS SHULMAN, and MANUEL CRUZ, a/k/a "James Leon," the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses, including but not limited to the following:

a. At least $2,196,522 in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the offenses for which the defendants are jointly and severally liable.

b. Any and all United States currency, funds or other monetary instruments credited to the following accounts:

i. J.P. Morgan Chase Account No. 809315351, in the name of Mission Abstract LLC d/b/a Mission Settlement Agency;

ii. J.P. Morgan Chase Account Nos. 791501276566, 791005536565, 4970270130 in the name of Eva Levitis;

iii. Citibank Account No. 42777002, in the name of Eva Levitis;

iv. J.P. Morgan Chase Account No. 103073080765, in the name of Faye Levitis;

v. Citibank Account No. 4970301582, in the name of Faye Levitis;

vi. J.P. Morgan Chase Account Nos. 803568195, 910271519, 839043130, 809316706, in the name of Influential Division Corporation;

vii. J.P. Morgan Chase Account Nos. ending in 0514 and 5009, in the name of Influential Enterprises;

viii. J.P. Morgan Chase Account Nos. 791501275565, 052074897765, in the name of Law Office of Michael Levitis;

ix. J.P. Morgan Chase Account No. 892694589, in the name of Madison Capital Agency Inc.;

x. Citibank Account No. 42777002, in the name of Michael Levitis and Marina Levitis;

xi. J.P. Morgan Chase Account No. 791004723465, in the name of Michael Levitis and Marina Levitis;

xii. J.P. Morgan Chase Account No. 808126403, in the name of Mission Marketing Center 102, Inc.;

xiii. Capital One Account No. 7164001369, in the name of AAMI Restaurant;

xiv. J.P Morgan Chase Account No. 839230539, in the name of Susan V. Consulting;

xv. J.P. Morgan Chase Account No. 751419102, in the name of Vermar Management LLC;

xvi. TD Bank Account No. 373979178, in the name of YGIK, Inc.;

xvii. J.P. Morgan Chase Account No. 828330514, in the name of Denis Kurlyand;

c. The defendants' interest in the following property:

i. RASPUTIN, a restaurant/nightclub located at 2670 Coney Island Avenue, Brooklyn, New York;

ii. all that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located at 132 Norfolk Street, Brooklyn, New York 11235;

iii. all that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located at 1001 Oriental Boulevard, Brooklyn, New York 11235.

Substitute Asset Provision

26. If any of the above-described forfeitable property, as a result of any act or omission of the defendants,

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

c. has been placed beyond the jurisdiction of the Court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described above, including but not limited to the defendants' interest in the following property:

i. RASPUTIN, a restaurant/nightclub located at 2670 Coney Island Avenue, Brooklyn, New York;

ii. all that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located at 132 Norfolk Street, Brooklyn, New York 11235;

iii. all that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located at 1001 Oriental Boulevard, Brooklyn, New York 11235.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); and Title 28, United States Code, Section 2461.)

[redacted]

FOREPERSON

Preet Bharara

PREET BHARARA
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

MISSION SETTLEMENT AGENCY,
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MANUEL CRUZ,
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Defendants.

SEALED INDICTMENT

13 Cr.

(18 U.S.C. §§ 1349, 1341, 1343, and 2)

PREET BHARARA
United States Attorney.

A TRUE BILL

[redacted]

Foreperson.