

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>11-</u>
v.	:	DATE FILED: _____
KENNETH C. OSBOURNE, JR. SHELDON HYLTON	:	VIOLATIONS:
	:	18 U.S.C. § 371 (conspiracy)
	:	18 U.S.C. § 1344 (bank fraud - 1 count)
	:	18 U.S.C. § 1028A (aggravated identity theft - 11 counts)
	:	18 U.S.C. § 1343 (wire fraud - 1 count)
	:	18 U.S.C. § 1028(a)(3) (possession with intent to use five or more false identification documents - 1 count)
	:	18 U.S.C. § 2 (aiding and abetting)
	:	Notice of Forfeiture

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. AmeriHealth Administrators, Inc. (“AHA”) was a health care company headquartered in Horsham, Pennsylvania that provided health benefits administration programs, including health flexible spending accounts, to its customers nationwide.

2. Defendant KENNETH C. OSBOURNE, JR. was employed by AHA as a customer service representative in Fort Washington, Pennsylvania. As a result of his position, defendant OSBOURNE had access to a computer database containing AHA customers’ names, addresses, dates of birth, social security numbers, and bank account information (collectively, “personal identity information”). Defendant OSBOURNE was permitted access to customers’

personal identity information only for purposes of carrying out his customer service duties.

3. TD Bank was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, certificate number 18409.

4. From in or about August 2009 to in or about April 2010, in the Eastern District of Pennsylvania and elsewhere, defendants

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conspired and agreed, with others known and unknown to the Grand Jury, to commit offenses against the United States, that is, to knowingly execute a scheme to defraud TD Bank, and to obtain monies owned by and under the care, custody, and control of TD Bank, by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344; and to knowingly and without lawful authority use a means of identification of another without lawful authority during and in relation to a bank fraud, in violation of Title 18, United States Code, Section 1028A(a)(1) and (c)(5).

MANNER AND MEANS

It was part of that conspiracy that:

5. In or about August 2009, defendant KENNETH C. OSBOURNE, JR., agreed to access and accessed the personal identity information of AHA customers (the “victims”) without their knowledge, consent, or permission. Defendant OSBOURNE provided that information to defendant SHELDON HYLTON for use in manufacturing counterfeit checks, among other things. Defendant OSBOURNE sent the victims’ personal identity information to defendant HYLTON primarily via text messages from defendant OSBOURNE’S cellular telephone.

6. Defendant SHELDON HYLTON used the personal identity information supplied by defendant KENNETH C. OSBOURNE, JR. to obtain counterfeit checks which were printed using the victims' names, addresses, and bank account and routing numbers. The counterfeit checks were filled out by hand, including the payees' names and the dollar amounts, and the victims' signatures were forged onto the checks.

7. Defendant SHELDON HYLTON and others known and unknown to the grand jury acted as "check runners" and deposited counterfeit checks into certain TD Bank accounts in order to artificially inflate the account balances. To make a deposit, defendant HYLTON and other check runners completed a deposit slip that contained the name and account number of the TD Bank account into which the counterfeit check would be deposited.

8. Once the counterfeit checks had been deposited, defendant SHELDON HYLTON and other individuals known and unknown to the grand jury posed as TD Bank account holders and withdrew cash from those TD bank accounts.

9. In order to make the withdrawals, defendant SHELDON HYLTON and others presented co-conspirator Carlton Finney, a TD Bank teller known to the grand jury and charged elsewhere, with a withdrawal slip that contained the name, forged signature, and account number of the TD Bank account holder.

OVERT ACTS

In furtherance of the conspiracy, defendants KENNETH C. OSBOURNE, JR., SHELDON HYLTON, and others known and unknown to the grand jury committed the following overt acts, among others, in the Eastern District of Pennsylvania:

1. Between on or about August 18, 2009, and on or about April 13, 2010,

defendant KENNETH C. OSBOURNE, JR. provided defendant SHELDON HYLTON with the personal identity information of approximately 86 victims, including C.F. and G.D., without their knowledge, consent or permission. Defendant SHELDON HYLTON and other co-conspirators known and unknown to the grand jury used this information to, among other things, create counterfeit checks using the victims' names, addresses, and bank account numbers.

2. On or about November 17, 2009, defendant SHELDON HYLTON deposited a \$5,721.77 counterfeit check that contained the name, address, bank account information, and forged signature of CF into the TD Bank account of J.H. On or about November 18, 2009, co-conspirator Hakeem Robinson, a person known to the grand jury and charged elsewhere, posed as TD Bank customer J.H. and withdrew approximately \$6,100 from the account.

3. On or about November 23, 2009, co-conspirator Hakeem Robinson deposited a \$4,680 counterfeit check that contained the name, address, bank account information, and forged signature of G.D. into the TD Bank account of S.W. On or about November 24, 2009, defendant SHELDON HYLTON posed as TD Bank customer S.W. and withdrew approximately \$4,600 from the account.

4. Between on or about October 13, 2009 and on or about January 12, 2010, defendant SHELDON HYLTON and other co-conspirators deposited or caused to be deposited approximately 48 counterfeit checks totaling approximately \$289,846.82 into approximately 45 different TD Bank accounts. All 48 checks subsequently were rejected by the issuing banks.

5. Between on or about October 14, 2009 and on or about January 9, 2010, defendant SHELDON HYLTON and other co-conspirators posed as TD Bank account holders

and made a total of approximately 36 withdrawals of a total of approximately \$189,300 from the TD Bank accounts into which the counterfeit checks had been deposited.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 3, 5 through 9, and overt acts 1 through 5 of Count One are realleged here.

2. From in or about October 2009 to on or about January 12, 2010, in the Eastern District of Pennsylvania and elsewhere, defendants

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and others known and unknown to the grand jury, knowingly executed, attempted to execute, and aided and abetted the execution of, a scheme to defraud TD Bank and to obtain monies owned by and under the care, custody and control of that bank by means of false and fraudulent pretenses, representations and promises.

THE SCHEME

3. It was part of the scheme that defendant KENNETH C. OSBOURNE, JR. knowingly provided to defendant SHELDON HYLTON personal identity information of certain AHA customers (“victims”), including names, addresses, birth dates, social security numbers, and bank account and routing numbers, for use in the production of counterfeit checks.

It further was part of the scheme that:

4. Defendant SHELDON HYLTON obtained counterfeit checks that were printed using the victims’ names, addresses, bank account information, and forged signatures.

5. Defendant SHELDON HYLTON and others deposited counterfeit checks containing the victims’ names, addresses, bank account information, and forged signatures into certain TD Bank accounts in order to artificially inflate the account balances.

6. Before TD Bank learned that the counterfeit checks had been dishonored, defendant SHELDON HYLTON and others known and unknown to the Grand Jury posed as TD Bank account holders, presented withdrawal slips that contained the name, forged signature, and account number of the TD Bank account holders, and withdrew cash from the TD Bank accounts into which the counterfeit checks had been deposited.

7. Between on or about October 13, 2009, and on or about January 12, 2010, defendant SHELDON HYLTON and others deposited a total of approximately 48 counterfeit checks from the victims' accounts totaling approximately \$289,846.82 into approximately 45 different TD bank accounts. All 48 checks subsequently were rejected by the issuing banks

8. Between on or about October 14, 2009, and on or about January 9, 2010, defendant SHELDON HYLTON and others withdrew, or caused to be withdrawn, approximately \$189,300 from TD Bank.

9. Defendant SHELDON HYLTON deposited the following 11 counterfeit checks from the victims' accounts into certain TD Bank accounts in order to artificially inflate the account balances:

<u>DATE</u>	<u>LOCATION</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>VICTIM PAYOR ON COUNTERFEIT CHECK</u>
10/30/09	Philadelphia, PA	2113	\$6,123.16	R.R.
11/13/09	Philadelphia, PA	2318	\$5,624.93	K.R.
11/17/09	Philadelphia, PA	2212	\$5,721.77	C.F.
11/17/09	Philadelphia, PA	3112	\$5,509.69	C.G.
11/19/09	Philadelphia, PA	2912	\$5,864.38	P.M.
<u>DATE</u>	<u>LOCATION</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>	<u>VICTIM PAYOR ON COUNTERFEIT CHECK</u>

11/23/09	Philadelphia, PA	3013	\$5,711.69	A.H.
11/23/09	Philadelphia, PA	3211	\$5,864.13	J.M.
12/7/09	Philadelphia, PA	3111	\$5,931.60	D.B.
12/7/09	Philadelphia, PA	3102	\$5,971.44	R.P.
12/10/09	Philadelphia, PA	2954	\$5,815.62	M.L.
12/16/09	Philadelphia, PA	3233	\$5,820.38	D.A.

10. On or about November 24, 2009, defendant SHELDON HYLTON posed as TD Bank account holder S.W., presented the TD Bank teller with a withdrawal slip containing the name and forged signature of S.W., and withdrew approximately \$4,600 cash from S.W.'s account.

11. As a result of this scheme, TD Bank suffered a loss of approximately \$189,300.

In violation of Title 18, United States Code, Sections 1344 and 2.

COUNTS THREE THROUGH THIRTEEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 3, 5 through 9, and overt acts 1 through 5 of Count One are realleged here.

2. From on or about October 30, 2009 to on or about December 16, 2009, in the Eastern District of Pennsylvania and elsewhere, defendants

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knowingly and without lawful authority, transferred, possessed, and used, and aided and abetted the transfer, possession, and use of, a means of identification of another person, that is, the names of the people listed below, each person constituting a separate count, during and in relation to bank fraud.

<u>COUNT</u>	<u>DATE</u>	<u>NAME OF PAYOR ON COUNTERFEIT CHECKS</u>
3	10/30/09	R.R.
4	11/13/09	K.R.
5	11/17/09	C.F.
6	11/17/09	C.G.
7	11/19/09	P.M.
8	11/23/09	A.H.
9	11/23/09	J.M.
10	12/7/09	D.W.
11	12/7/09	R.P.
12	12/10/09	M.L.

<u>COUNT</u>	<u>DATE</u>	<u>NAME OF PAYOR ON COUNTERFEIT CHECKS</u>
13	12/16/09	D.A.

2. All in violation of Title 18, United States Code, Sections 1028A(a)(1), (c)(5), and

COUNT FOURTEEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1, 2, and 5, and over act 1 of Count One of this indictment are realleged here.

2. Automated Clearing House (“ACH”) transactions are electronic financial transactions that debit payments directly from a bank account. ACH transactions are used by Internet merchants to collect from customers online, rather than accepting credit or debit cards.

3. Web Transactions Services (“WTS”) is an intermediary payment vendor located in Austin, Texas that provides electronic payment services, including ACH transactions, for Internet merchants. Before accessing the web site of an Internet merchant who contracts with WTS, a customer first must complete WTS’ customer service agreement and provide certain personal identity information, including name and bank account number, so that payment may be debited directly from the customer’s bank account. Before WTS activates an account, the customer must verify certain personal identity information, such as a birth date or the first five digits of their social security number.

THE SCHEME

4. From in or about August 2009 through in or about February 2010, defendant

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devised and intended to devise a scheme to defraud, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

It was part of that scheme that:

5. Defendant SHELDON HYLTON obtained the personal identity information of J.S., T.A., H.L., C.Y., and G.M. without their knowledge, consent, or permission.

6. Defendant SHELDON HYLTON used the names and bank account and routing numbers of J.S., T.A., H.L., C.Y., and G.M. to create customer accounts with WTS over the Internet. During the application process, defendant HYLTON wrongfully represented that he was J.S., T.A., H.L., C.Y., and G.M., respectively, by verifying either their dates of birth or the first five digits of their social security numbers.

7. Between on or about August 18, 2009, to on or about February 1, 2010, defendant SHELDON HYLTON used the WTS customer accounts he had created using the personal identity information of J.S., T.A., H.L., C.Y., and G.M. to access and view adult pornography on four different web sites.

8. Defendant HYLTON incurred fraudulent charges by causing WTS to debit payment for his use of the pornographic web sites directly from the bank accounts of J.S., T.A., H.L., C.Y., and G.M.

9. On or about each of the dates listed below, in the Eastern District of Pennsylvania, defendant

SHELDON HYLTON,

for the purpose of executing the scheme described above, knowingly transmitted, or caused to be transmitted, by means of wire communication in interstate commerce the signals and sounds described below:

<u>DATE</u>	<u>DESCRIPTION OF WIRE</u>
8/18/09	Online purchase authorization with WTS for ACH transaction using bank account number of J.S. to access website www.pronsitepass1.com.
10/29/09	Online purchase authorization with WTS for ACH transaction using bank account number of T.A. to access website www.brazzers.com
11/04/09	Online purchase authorization with WTS for ACH transaction using bank account number of H.L. to access website www.pornpass.com
1/28/10	Online purchase authorization with WTS for ACH transaction using bank account number of C.Y. to access website www.brazzers.com
2/01/10	Online purchase authorization with WTS for ACH transaction using bank account number of G.M. to access website www.brazzers.com

In violation of Title 18, United States Code, Sections 1343.

COUNT FIFTEEN

THE GRAND JURY FURTHER CHARGES THAT:

On or about March 7, 2010, in Philadelphia in the Eastern District of Pennsylvania, the defendant

SHELDON HYLTON,

knowingly possessed with intent to use unlawfully and transfer unlawfully, and aid and abet the unlawful possession, use and transfer of, in and affecting interstate commerce, at least five false identification documents, that is, 15 counterfeit Pennsylvania driver's licenses, all of which fraudulently bore the photographs of one of two men, and which contained the names and addresses of 15 other individuals not assigned to the operator license number ("OLN") printed on the licenses.

In violation of Title 18, United States Code, Sections 1028(a)(3), (b)(2)(B) and 2.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1343 and 1344, set forth in this indictment, defendants

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shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such offenses, including, but not limited to, the sum of up to \$500,000.

2. If any of the property subject to forfeiture, 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 party;
- (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 divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**