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U.S. DISTRICT COURT
DISTRICT OF MARYLAND

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CLERK OF COURT
AT GREENBELT

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA

v.

DERRICK K. SHELTON, II,
JAMES C. STEWART, III, and
QUENTIN T. STEWART,

Defendants

BY _____ DEPUTY

CRIMINAL NO. *CSH 16cr 225*

(Conspiracy to Commit Wire Fraud,
18 U.S.C. § 1349; Wire Fraud,
18 U.S.C. § 1343; Aiding and
Abetting, 18 U.S.C. § 2; Aggravated
Identity Theft, 18 U.S.C. § 1028A;
Forfeiture, 18 U.S.C. § 981(a)(1)(C),
21 U.S.C. § 853, 28 U.S.C. § 2461(c))

INDICTMENT

COUNT ONE

(Conspiracy to Commit Wire Fraud)

The Grand Jury for the District of Maryland charges that:

Introduction

At all times relevant to this Indictment:

1. **DERRICK K. SHELTON, II** ("SHELTON") was a resident of the District of Columbia and a Specialist in the District of Columbia Army National Guard.
2. **JAMES C. STEWART, III** ("J. STEWART") was a resident of Maryland and a Specialist in the District of Columbia Army National Guard.
3. **QUENTIN T. STEWART** ("Q. STEWART") was a resident of Maryland and a former Sergeant in the District of Columbia Army National Guard.
4. **Jamal Alexander Moody** ("Moody") was a resident of Maryland and Pennsylvania and a Specialist in the District of Columbia Army National Guard.

5. “Bitcoin” is a form of convertible digital currency that operates through the use of an online, decentralized ledger system. Bitcoin is not issued by any government, bank, or company, but rather is generated and controlled through computer software operating through a decentralized network. Bitcoin can be exchanged for other currencies, products, or services through use of a Bitcoin holder’s Bitcoin address, which is somewhat analogous to a bank account number comprised of a string of numbers and letters.

The Conspiracy

6. Between in or about July 2014 and in or about May 2015, in the District of Maryland and elsewhere, the defendants,

**DERRICK K. SHELTON, II,
JAMES C. STEWART, III, and
QUENTIN T. STEWART,**

did knowingly and willfully combine, conspire, confederate, and agree with each other, Moody, and others known and unknown to the Grand Jury to knowingly devise a scheme and artifice to defraud, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises (“the scheme to defraud”), and for the purpose of executing and attempting to execute the scheme to defraud did knowingly and willfully transmit and cause to be transmitted by means of wire communication, in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, in violation of 18 U.S.C. § 1343.

Manner and Means of the Conspiracy and Scheme to Defraud

7. It was part of the conspiracy and scheme to defraud that the defendants and their co-conspirators established and gained access to Bitcoin addresses.

8. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators used Bitcoin to purchase stolen credit and debit card numbers of individuals and businesses from foreign Internet websites.

9. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators selected and purchased stolen credit and debit card numbers of individuals and businesses holding federal credit union accounts and those with billing addresses in or near the District of Maryland.

10. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators purchased magnetic strip card-encoding devices and software from domestic Internet websites, and otherwise acquired such devices and software, for the purpose of re-encoding credit, debit, and other cards with magnetic strips with the stolen credit and debit card numbers.

11. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators used their card-encoding devices to re-encode the magnetic strips of credit and debit cards bearing their imprinted names and bank account numbers, and other cards with magnetic strips, with stolen credit and debit card numbers purchased from the foreign websites.

12. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators used the cards they re-encoded with stolen credit and debit card numbers to purchase merchandise, including gift cards, electronic items, and luxury goods, from Army and Air Force Exchange Service ("AAFES") stores on U.S. military bases and other locations in the District of Maryland and elsewhere, and such purchases caused the transmission

of purchase transaction information by means of wire between the AAFES stores and AAFES headquarters in Dallas, Texas.

13. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators used for their own benefit and resold for criminal proceeds in the District of Maryland and elsewhere merchandise they purchased using cards re-encoded with stolen credit and debit card numbers.

14. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators used text messages and emails to coordinate the sale of merchandise purchased with cards re-encoded with stolen credit and debit card numbers.

15. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators divided the proceeds of resold merchandise among themselves.

16. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators contributed a portion of their proceeds from the scheme into a “drop” collection, which they used to promote the scheme by, among other things, acquiring more Bitcoin for use in purchasing additional stolen credit and debit cards from foreign websites.

17. It was further part of the conspiracy and scheme to defraud that the defendants and their co-conspirators traveled from the District of Maryland to other jurisdictions, including South Carolina, for the purpose of evading law enforcement and furthering their scheme of purchasing gift cards and other merchandise at AAFES stores and other locations using cards they re-encoded with the stolen credit and debit card numbers of individuals and businesses.

Overt Acts

18. In furtherance of the conspiracy, and to effect the objects thereof, the defendants and their co-conspirators committed and caused to be committed the following overt acts, among others, in the District of Maryland and elsewhere:

a. On or about July 8, 2014, **J. STEWART** used Bitcoin to purchase from a foreign website the stolen credit card number ending in x1015 associated with Victim 1's Pentagon Federal Credit Union account and the stolen credit card number ending in x9043 associated with Victim 2's Pentagon Federal Credit Union account.

b. On or about July 8, 2014, **J. STEWART** used Victim 1's stolen credit card number to purchase \$307.77 in goods from Safeway in Silver Spring, Maryland.

c. On or about July 8, 2014, **J. STEWART** used Victim 2's stolen credit card number to purchase \$264.46 in goods from Giant Food, Inc. in Glen Burnie, Maryland.

d. On or about November 22, 2014, **Q. STEWART** used the stolen credit card number ending in x0017 associated with Victim 3's Barclays bank account to purchase a \$449.95 XBOX One Forza 5 Bundle from an AAFES store at Fort Myer, Virginia.

e. On or about November 25, 2014, **SHELTON** used the stolen credit card number ending in x8757 associated with Victim 4's Justice Federal Credit Union account to purchase \$211.90 in gift cards from an AAFES store at Fort Belvoir, Virginia.

f. On or about December 3, 2014, **SHELTON** used the stolen credit card number ending in x3916 associated with Victim 5's Pentagon Federal Credit Union account to purchase an XBOX One Kinect Bundle and a PlayStation 4 500GB Destiny Bundle for \$899.90 from an AAFES store at Fort Meade, Maryland.

g. On or about January 10, 2015, **J. STEWART** used a stolen credit card number ending in x3809 associated with Victim 6's BB&T bank account to purchase a \$504.95 gift card from an AAFES store at Fort Jackson, South Carolina.

h. On or about January 17, 2015, **Q. STEWART** placed an advertisement on a domestic website using his email address and phone number to sell a "new," "factory sealed" XBOX One for \$250 in Baltimore, Maryland.

i. On or about January 24, 2015, **SHELTON** used Victim 7's stolen American Express credit card number ending in x2038 to purchase a \$399.95 PlayStation 4 Console from an AAFES store at Fort Jackson, South Carolina.

j. On or about March 3, 2015, **Q. STEWART** used Bitcoin to purchase from a foreign website the stolen credit card number ending in x5735 associated with Victim 8's BB&T bank account.

k. On or about March 3, 2015, **Q. STEWART** used Victim 8's stolen credit card number to purchase \$657.17 in goods from Toys R Us in Bridgeport, West Virginia.

l. On or about March 26, 2015, **J. STEWART** placed an advertisement on a domestic website using his email address and phone number to sell a "new," "factory sealed" XBOX One Kinect Bundle for \$250 in Baltimore, Maryland.

m. On or about May 21, 2015, **Q. STEWART** attempted to use the stolen debit card number ending in x1844 associated with Victim 9's Signal Financial Federal Credit Union account to purchase \$113.93 in goods from Giant Food, Inc. in Falls Church, Virginia.

COUNTS TWO THROUGH NINE
(Wire Fraud)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in paragraphs 1 through 5 and 7 through 18 of Count One are incorporated here and constitute a scheme and artifice to defraud as described in paragraph 6 of Count One (“the scheme to defraud”).

2. On or about the dates set forth below, in the District of Maryland, the defendants,

**DERRICK K. SHELTON, II,
JAMES C. STEWART, III, and
QUENTIN T. STEWART,**

acting in concert with Moody and others, for the purpose of executing and attempting to execute the scheme to defraud, did cause to be transmitted, by means of wire communication in interstate commerce writings, signs, signals, pictures, and sounds, to wit, wire communications containing credit and debit transaction information for the specific purchases referenced below, which were all electronically routed from AAFES stores in the District of Maryland to AAFES’s headquarters in Dallas, Texas:

Count	Purchaser	Date	Purchase Amount	Credit/Debit Card Number (Last 4 Digits)	Credit/Debit Card Account Information
2	Q. STEWART	12/01/14	\$1789.00	x4160	Justice FCU, Victim 10
3	Q. STEWART	12/01/14	\$679.90	x4160	Justice FCU, Victim 10
4	J. STEWART	12/02/14	\$214.59	x2176	Justice FCU, Victim 11
5	J. STEWART	12/02/14	\$508.43	x2176	Justice FCU, Victim 11
6	Q. STEWART	12/12/14	\$339.00	x9766	Justice FCU, Victim 12
7	SHELTON	12/27/14	\$254.95	x6282	BB&T, Victim 13

Count	Purchaser	Date	Purchase Amount	Credit/Debit Card Number (Last 4 Digits)	Credit/Debit Card Account Information
8	SHELTON	01/13/15	\$219.00	x1029	AmEx, Victim 14
9	SHELTON	01/20/15	\$317.85	x1001	AmEx, Victim 15

18 U.S.C. § 1343

18 U.S.C. § 2

COUNT TEN
(Aggravated Identity Theft)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in paragraphs 1 through 5 and 7 through 18 of Count One are incorporated here.
2. On or about December 1, 2014, in the District of Maryland, the defendant,

QUENTIN T. STEWART,

during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), did knowingly possess and use, without lawful authority, a means of identification of another person, knowing that the means of identification belonged to another person, to wit, the credit card number associated with the Justice Federal Credit Union account belonging to Victim 10, during and in relation to the commission of wire fraud under 18 U.S.C. § 1343, as charged in Count Two of this Indictment and incorporated here.

18 U.S.C. § 1028A
18 U.S.C. § 2

COUNT ELEVEN
(Aggravated Identity Theft)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in paragraphs 1 through 5 and 7 through 18 of Count One are incorporated here.
2. On or about December 2, 2014, in the District of Maryland, the defendant,

JAMES C. STEWART, III,

during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), did knowingly possess and use, without lawful authority, a means of identification of another person, knowing that the means of identification belonged to another person, to wit, the credit card number associated with the Justice Federal Credit Union account belonging to Victim 11, during and in relation to the commission of wire fraud under 18 U.S.C. § 1343, as charged in Count Four of this Indictment and incorporated here.

18 U.S.C. § 1028A
18 U.S.C. § 2

COUNT TWELVE
(Aggravated Identity Theft)

The Grand Jury for the District of Maryland further charges that:

1. The allegations in paragraphs 1 through 5 and 7 through 18 of Count One are incorporated here.

2. On or about January 13, 2015, in the District of Maryland, the defendant,

DERRICK K. SHELTON, II,

during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), did knowingly possess and use, without lawful authority, a means of identification of another person, knowing that the means of identification belonged to another person, to wit, the American Express credit card number belonging to Victim 14, during and in relation to the commission of wire fraud under 18 U.S.C. § 1343, as charged in Count Eight of this Indictment and incorporated here.

18 U.S.C. § 1028A

18 U.S.C. § 2

FORFEITURE ALLEGATION

The Grand Jury for the District of Maryland further finds that:

1. Pursuant to Fed. R. Crim. P. 32.2, notice is hereby given to the defendants that the United States will seek forfeiture as part of any sentence in accordance with 18 U.S.C. § 981(a)(1)(C), 21 U.S.C. § 853, and 28 U.S.C. § 2461(c) in the event of the defendants' conviction under Counts One through Nine of this Indictment.

2. As a result of the offense set forth in Counts One through Nine, the defendants,

**DERRICK K. SHELTON, II,
JAMES C. STEWART, III, and
QUENTIN T. STEWART,**

shall forfeit to the United States all property, real and personal, which constitutes or is derived from proceeds traceable to such violations.

3. If any of the property described above as being 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 of America, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendants up to the value of the forfeitable property.

18 U.S.C. § 981(a)(1)(C)

21 U.S.C. § 853

28 U.S.C. § 2461(c)


Rod J. Rosenstein
United States Attorney

A TRUE BILL:

SIGNATURE REDACTED

Forēperson

Date: May 9, 2016