

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

COUNT ONE: 18 U.S.C. § 1343 - Wire Fraud; Petty
COUNT TWO: 18 U.S.C. § 1956(a)(2)(B) - Money Laundering Minor
 Misdemeanor
 Felony
PENALTY: SEE ATTACHED

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

FILED

DEFENDANT - U.S.

007 - 1 2019

BRANDON DEMOND REBEK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
DISTRICT COURT NUMBER

SUSAN Y. SOONG
U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CR 19 0493

SI

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

IRS-CI & FBI

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

this is a reprosecution of charges previously dismissed which were dismissed on motion of:
 U.S. ATTORNEY DEFENSE } SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant } MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under } 18-MJ-71724 SK

Name and Office of Person Furnishing Information on this form DAVID L. ANDERSON
 U.S. Attorney Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) SCOTT D. JOINER

DEFENDANT

IS NOT IN CUSTODY

- Has not been arrested, pending outcome this proceeding.
- 1) If not detained give date any prior summons was served on above charges
- 2) Is a Fugitive
- 3) Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) On this charge
- 5) On another conviction } Federal State
- 6) Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No } If "Yes" give date filed

DATE OF ARREST Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year

This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT

If Summons, complete following:

Arraignment Initial Appearance

Defendant Address:

Bail Amount: _____

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: _____ Before Judge: _____

Comments:

PENALTY SHEET ATTACHMENT

Count One:

18 U.S.C. § 1343 – Wire Fraud

Maximum Penalties: 20 years imprisonment
\$250,000 fine or not more than the greater of twice the gross gain
or twice the gross loss (18 U.S.C. § 3571)
3 years supervised release (18 U.S.C. §§ 3583(b) & 3559(a))
\$100 special assessment (18 U.S.C. § 3013)

Count Two:

18 U.S.C. § 1956(a)(2)(B) – Money Laundering

Maximum Penalties: 20 years imprisonment
\$500,000 fine or twice the value of the monetary instrument or
funds involved in the transportation, transmission, or transfer
3 years supervised release (18 U.S.C. §§ 3583(b) & 3559(a))
\$100 special assessment (18 U.S.C. § 3013)

1 (“AFBC”) as a California corporation.

2 3. On or about October 28, 2015, FRERE formed Ameritech Financial (“Ameritech”) as a
3 California corporation.

4 4. On or about October 30, 2015, FRERE formed Financial Education Benefits Center
5 (“FEBC”) as a California corporation.

6 5. While AFBC, FEBC, and Ameritech were separately incorporated entities, FRERE
7 operated them as one business. For example, profits generated by the sale of FEBC’s benefits program
8 were used to pay some of Ameritech’s costs and expenses. FEBC also relied on Ameritech employees
9 to enroll consumers into its products, maintain its website and provide customer service.

10 The Scheme to Defraud

11 6. FRERE used the Companies that he controlled to operate a fraudulent student loan debt
12 relief scheme designed to sell individuals document preparation services in connection with federal
13 student loan forgiveness, loan consolidation, and reduced-payment programs, while at the same time
14 enrolling these individuals in a financial education “benefits” program through false, fraudulent, and
15 misleading representations.

16 7. The Department of Education offers a limited number of student loan forgiveness and
17 alternative repayment programs. One such program is Public Service Loan Forgiveness (“PSLF”), which
18 allows borrowers employed in the public sector to have a portion of their loans forgiven after making
19 timely payments for a period of ten years. Another such program is income-driven repayment (“IDR”),
20 which enables borrowers to reduce their loan payments based on a percentage of their discretionary
21 monthly income. After making timely payments for a period of 20 or 25 years under an IDR program,
22 borrowers may have a portion of their loans forgiven.

23 8. FRERE targeted the recipients of federal student loans who were often struggling to
24 make payments. FRERE caused his employees to use misleading sales scripts and other deceptive
25 practices that fraudulently induced thousands of victims to sign up for document preparation services
26 and to enroll in the financial education benefits program.

27 9. For document preparation services, Ameritech and AFBC clients paid approximately
28 \$800. For the financial benefits program, AFBC and FEBC clients were charged an initial enrollment

1 fee of between approximately \$100 and \$1,200 followed by an ongoing monthly membership fee of
2 between approximately \$49 and \$99 per month. The financial benefits program offered consumers the
3 option to enroll in services like LifeLock or roadside assistance, which were unrelated to their student
4 loans. The monthly fees of between approximately \$49 and \$99 per month for these services far
5 exceeded their nominal value and were not in line with market prices. Victims were also led to believe
6 that after their document preparation fees were paid, their monthly payments would be used to pay down
7 their student loans. In fact, these payments were being collected solely for the benefit of FRERE's
8 Companies. The payments were automatically deducted from victim bank accounts every month.

9 10. The false, fraudulent, and misleading representations used to induce victims to sign-up
10 for document preparation services and the financial education benefits program included the following
11 categories of statements and deceptive tactics, among others: (1) false statements concerning the
12 Companies' ability to deliver fixed payments for the life of student loans and loan forgiveness under
13 Department of Education alternative repayment plans; (2) systematic efforts to improperly inflate a
14 victim's reported family size to reduce their prospective payments under Department of Education
15 alternative repayment plans; and (3) misleading statements and tactics designed to obscure the monthly
16 fees that consumers would pay for the financial education benefits program while leading victims to
17 believe that the cost of the benefits program was already included with fees for document preparation
18 services.

19 11. To evade detection, FRERE carefully avoided marketing his scheme in jurisdictions that
20 he believed had strong regulatory and compliance enforcement.

21 12. To conceal the nature, location, ownership, and control of the proceeds he obtained from
22 this scheme to defraud, FRERE then funneled millions of dollars from bank accounts in the United
23 States to accounts he controlled overseas.

24 COUNT ONE: (18 U.S.C. §§ 1343 and 2 – Wire Fraud and Aiding and Abetting)

25 13. Paragraphs 1 through 12 of this Information are re-alleged and incorporated as if fully set
26 forth here.

27 14. Beginning at an unknown date, but no later than in or about January 2014, and continuing
28 through on or about November 29, 2018, in the Northern District of California and elsewhere, the

1 defendant,

2 BRANDON DEMOND FRERE,

3 knowingly and with the intent to defraud, participated in, devised, and intended to devise a scheme and
4 artifice to defraud as to a material matter, and to obtain money and property by means of materially false
5 and fraudulent pretenses, representations, and promises, and by means of omission and concealment of
6 material facts.

7 15. On or about the date set forth below, in the Northern District of California and elsewhere,
8 for the purpose of executing the scheme and artifice referred to above, and attempting to do so, the
9 defendant did knowingly transmit and cause to be transmitted writings, signs, signals, pictures, and
10 sounds in interstate commerce by means of wire communications, namely:

COUNT	DATE	ITEM WIRED
1	March 22, 2017	\$123,497 deposit wired to Financial Education Benefits Center Bank of America account xxxx-xxxx-5475.

14 All in violation of Title 18, United States Code, Sections 1343 & 2.

15 COUNT TWO: (18 U.S.C. §§ 1956(a)(2)(B) and 2 – International Money Laundering and Aiding
16 and Abetting)

17 16. Paragraphs 1 through 15 of this Information are re-alleged and incorporated as if fully set
18 forth here.

19 17. On or about the date listed below, in the Northern District of California and elsewhere,
20 the defendant,

21 BRANDON DEMOND FRERE,

22 did transport, transmit, and transfer, and attempt to transport, transmit, and transfer, monetary
23 instruments and funds, as described more fully below, to a place outside the United States, specifically,
24 Andorra, from a place in the United States, knowing that the monetary instruments and funds involved
25 in the transfer represented the proceeds of some form of unlawful activity and knowing that such
26 transfer was designed in whole or in part to conceal and disguise the nature, location, source, ownership,
27 and control of the proceeds of specified unlawful activity, namely wire fraud, which is in violation of
28 Title 18, United States Code, Section § 1343:

COUNT	DATE	TRANSFER
2	August 17, 2017	\$1,300,000 transferred from Bank of America account xxxx-xxxx-7970 to an overseas account in Andorra.

All in violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

FORFEITURE ALLEGATION: (18 U.S.C. §§ 981(a)(1)(C), 982, and 28 U.S.C. § 2461(c))

18. The allegations contained in this Information are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2)(B), and Title 28, United States Code, Section 2461(c).

Upon conviction for any of the offenses set forth in this Information, the defendant,

BRANDON DEMOND FRERE,

shall forfeit to the United States: (1) all property, real or personal, constituting, or derived from proceeds the defendant obtained directly and indirectly, as the result of those violations, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), and (2) all property, real or personal, involved in said violations, or any property traceable to such property, pursuant to Title 18, United States Code, Section 982(a)(1). This property includes but is not limited to the following:

- a. All assets seized on or about July 26, 2019, from Brown Brothers Harriman & Co., Private Bankers (“BBH”), account xxx713-9, including any appreciation or interest accrued thereon;
- b. \$495,000 in U.S. currency seized during searches of 14757 Morelli Lane, Sebastopol, CA, and 14755 Morelli Lane, Sebastopol, CA on or about December 21, 2018;
- c. \$339,555 in U.S. currency seized during searches of 14757 Morelli Lane, Sebastopol, CA, and 14755 Morelli Lane, Sebastopol, CA on or about December 21, 2018;
- d. \$28,508.00 in U.S. currency seized during searches of 14757 Morelli Lane, Sebastopol, CA, and 14755 Morelli Lane, Sebastopol, CA on or about December 21, 2018.

If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon 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,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 18, United States Code, Section 982(a)(1), Title 28, United States Code, Section 2461(c), and Federal Rule of Criminal Procedure 32.2.

DATED: October 1, 2019

DAVID L. ANDERSON
United States Attorney



SCOTT D. JOINER
Assistant United States Attorney

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CRIMINAL COVER SHEET

Instructions: Effective November 1, 2016, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case.

SI

CASE NAME:

USA v. BRANDON DEMOND FRERE

CR NUMBER: 19 0493
CR

Is This Case Under Seal?

Yes No

Total Number of Defendants:

1 2-7 8 or more

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes No

Venue (Per Crim. L.R. 18-1):

SF OAK SJ

Is this a potential high-cost case?

Yes No

Is any defendant charged with a death-penalty-eligible crime?

Yes No

Is this a RICO Act gang case?

Yes No

Assigned AUSA
(Lead Attorney): Scott Joiner

Date Submitted: 10/1/2019

Comments:

CR 19-493 SI