

Elder Fraud Sweep: Mass Mailing Fraud Case Fact Sheet

The Department of Justice, the U.S. Postal Inspection Service (USPIS), and the Federal Trade Commission (FTC) today brought enforcement actions to combat a bevy of global, mass-mailing fraud schemes that collectively have defrauded millions of elderly and vulnerable U.S. victims out of hundreds of millions of dollars. The actions include criminal charges, criminal proceed seizures, civil injunction lawsuits, and the execution of search warrants.

The Department of Justice actions were brought by the Consumer Protection Branch and the U.S. Attorneys' Offices in the Eastern District of New York, the District of Montana, the District of Nevada, the Southern District of Florida, and the Southern District of Indiana.

The mail fraud schemes prosecuted involve complicated webs of actors located across the world. In each scheme, fraudsters sent direct-mail letters falsely promising cash, valuable prizes, or good fortune if the letter recipients sent back a payment for purported processing fees or taxes. The letters appeared to come from legitimate sources, typically on official-looking letterhead, and falsely seemed that they were personally addressed to each recipient. In reality, the fraudsters perpetrating the schemes never sent a victim letter recipient anything of value, but instead simply kept victim payments for their use and enrichment. The fraudsters also repeatedly victimized those individuals who showed a susceptibility to their scams.

Today's actions include both criminal and civil cases against multiple "direct mailers" who, collectively, were responsible for dozens of schemes involving tens of millions of dollars every year. In addition, today's actions also seek to shut down several other actors who worked with the mailers to carry out the schemes.

The passages below describe some of the most significant cases brought as part of today's actions combatting elder fraud.

U.S. and Turkish Direct Mailers Plead Guilty to Fraud Charges

Two individuals pleaded guilty to conspiracy to commit mail fraud for engaging in fraudulent mass mailing campaigns that defrauded hundreds of thousands of victims. In charges filed in the U.S. District Court for the Eastern District of New York, the government alleged that Ryan Young, 35, a resident of Upper Saddle River, New Jersey, and Erkan Barka, 35, a resident of Turkey and New Jersey, arranged for fraudulent solicitations to be mass-mailed to victims across the United States. The fraudulent solicitations told recipients that they had won cash awards or lavish prize items but needed to pay a fee to claim their winnings. In pleading guilty, Young and Barka acknowledged that the solicitations were designed to mislead and defraud the victims, who did not receive the promised awards or prizes in return for their fees.

The charges against Young and Barka carry a statutory maximum penalty of 20 years in prison. The government has also sought forfeiture of the defendants' fraudulent proceeds.

Criminal and Civil Cases Brought Against Montana Solicitation Designer

In criminal charges filed in the U.S. District Court for the District of Montana, the government alleged that Thomas Ressler, 66, a resident of Whitehall, Montana, also engaged in a conspiracy

to commit mass-mailing fraud. Ressler allegedly drafted solicitations for a number of schemes, including the ones operated by Ryan Young and Ercan Barka. Ressler allegedly designed the solicitations sent to victim recipients that falsely promised cash or prizes in exchange for purportedly required fees. The charge against Ressler carries a statutory maximum penalty of 20 years in prison.

The government also filed a civil action against Ressler under the Anti-Fraud Injunction Statute seeking an order permanently barring him from assisting fraudulent mass-mailing schemes. Ressler agreed to settle the litigation and be bound by a consent decree of permanent injunction. The proposed consent decree is awaiting judicial approval.

List Brokers Plead Guilty To Facilitating Sweepstakes and Psychic Fraud Schemes

Fraudulent mass mailers require a constant flow of new names, especially of elderly and vulnerable consumers, to which they can send their false solicitations. Unscrupulous list brokers ensure that fraudsters receive those names by serving as intermediaries between the fraudsters and name-list owners or data companies. And some particularly pernicious list brokers even perform the key service of working with fraudulent mailers to identify “sucker lists” of consumers susceptible to misleading mail solicitations. Many such consumers are elderly Americans. The Department is aggressively investigating and prosecuting list brokers who knowingly provide assistance to fraudsters targeting vulnerable consumers.

On February 12, 2018, list broker Daniel G. Arnold, 56, of Connecticut, pleaded guilty to conspiracy to commit mail fraud for providing lists of names and addresses to mailers sending deceptive sweepstakes and astrology mailings. From 2012 to 2016, Arnold was a list broker and partner at the direct mail marketing company RMI Direct Marketing, Inc. in Connecticut. In pleading guilty, Arnold admitted that he knew certain clients engaged in deceptive psychic and sweepstakes mailing schemes. Arnold recommended and procured mailing lists of consumers to whom the deceptive mailings would be sent, and he rented out lists of consumers who responded to such campaigns to other mailers seeking to send deceptive mailings. Arnold admitted that many solicitations mailed by his clients were deceptive. The deceptive sweepstakes solicitations led recipient customers to believe that, for a processing fee, they would win a sum of money or valuable prize. Other solicitations were supposedly from world-renowned psychics, falsely claiming that the victims were being contacted as the recipient of specific visions that they were due to receive large sums of money or prizes. Those solicitations appeared personalized, referring to the **recipients** by first name and often containing notations that appeared handwritten. The solicitations were in fact identical, mass-produced, form letters sent to millions of victims based on their inclusion on mailing lists targeted to vulnerable consumers.

List broker Jill B. Castellano, 58, of New Jersey, similarly pleaded guilty to conspiracy to commit mail fraud for providing lists with names and addresses to direct mailers engaged in deceptive sweepstakes and prize schemes. Castellano was president for several decades of the direct-mail list broker company Saavoy List Management in New Jersey. In pleading guilty, Castellano admitted that, as a list broker, she found lists of consumers for deceptive mailers with whom she worked, and that she rented out lists that her clients owned to other mailers.

Castellano admitted that she received copies of the fraudulent solicitations mailed by members of the conspiracy and that she knew the mailings were designed to deceive consumers into paying a fee for a falsely promised prize. Members of the conspiracy created dozens of direct mail solicitations falsely notifying victims that they had won large amounts of money or valuable prizes in a sweepstakes or other context. Castellano identified and ordered mailing lists of consumers so that members of the conspiracy could send deceptive solicitations. These co-conspirators sent solicitations to millions of consumers, many of whom were elderly, throughout the United States.

Collectively, Arnold and Castellano provided names in schemes alleged to have defrauded more than 400,000 U.S. victims. The charges against Castellano and Arnold carry a statutory maximum penalty of 20 years in prison.

Indiana Resident Charged with Making Threats to Collect from Mail Fraud Victims

Sherry Gore, 67, of Indiana, was charged with conspiring to use a false name in connection with a fraud scheme for her role collecting money for a long-running psychic mail fraud scam. According to charges, Gore sent letters to victims of the psychic scheme after the victims' checks bounced. In many letters, Gore used a false name, claimed to be the "Director/Legal Services-Collections," and threatened that lawyers would pursue legal proceedings against victims. The charge against Gore carries a statutory maximum penalty of 5 years in prison.

Anti-Fraud Injunction Sought Against Vancouver Direct Mailers

The government filed civil injunction actions in the Eastern District of New York to stop two groups of businesses and individuals from operating direct-mailing schemes targeting victims around the world from locations in British Columbia, Canada.

In the first action, the government alleges that a group of entities and individuals have engaged in numerous predatory mail fraud schemes for more than a decade, targeting primarily elderly victims throughout the world. The complaint names Navigator Marketing Ltd., a Canadian company, and Rockport Promotional Marketing, LLC, a Delaware registered corporation (collectively Navigator Marketing). These entities, under common ownership, operate out of Vancouver, Canada. The complaint also names Navigator Marketing's principals, Alexander Quaglia, 46, Rychard McKeown, 47, and Brent Nishiguchi, 49, all of British Columbia, Canada. Navigator Marketing acts as a direct mailer responsible for mailing millions of solicitations to potential victims around the world. The solicitations profess to come from financial entities with contrived names like "Capital Prize Registry." The solicitations are written to give the impression that they are personalized, and they inform recipients that they will receive large sums of money so long as they pay a fee in the range of \$19.95 to \$39.95. In reality, the complaint alleges, the purported senders and the promised winnings are fictitious. Although victims send in the requested fees by cash, check, or credit card, they do not receive large cash prizes in return. The complaint alleges that tens of thousands of victims have sent—and continue to send—tens of millions of dollars annually in response to the defendants' fraudulent solicitations.

The second civil complaint alleges that another group of entities and individuals based in Vancouver, Canada, operate a similar scheme. The complaint alleges that Andrew John Thomas, Patrick Fraser, Christopher Fraser, and Sylvain Munier, all of British Columbia, Canada, as well as Ubuki Kanehira of Ontario, Canada, committed mail fraud through and in conjunction with Allied Global Logistics, a Wyoming registered company, as well as 1099811 B.C. LTD and 1116411 B.C. LTD, both registered in British Columbia, Canada. The complaint alleges that the defendants send fraudulent solicitations styled as notifications that the recipient has won a large cash prize, typically worth more than \$1 million. The complaint further alleges that the defendants have mailed more than 1 million solicitations to potential victims throughout the world, including to the United States, France, Germany, the Netherlands, and Japan every year and have grossed an estimated \$4.5 million annually since 2016. The complaint alleges that the defendants use a network of mailboxes throughout the United States to receive payments from victims located around the world.

Anti-Fraud Injunction Sought Against Las Vegas Direct Mail Operation

In another civil injunction action filed in the District of Nevada, the government is seeking to stop a collection of businesses and individuals operating a direct-mailing scheme from Las Vegas, Nevada. The complaint alleges that, since 2004, Patricia Kern of Henderson, Nevada, and dozens of companies operating under her direction, committed mail fraud in connection with their scheme. The complaint alleges that the defendants sent—and continue to send—fraudulent solicitations styled as notifications that the recipient has won a large cash prize, typically worth more than \$1 million. The complaint further alleges that the defendants mail hundreds of thousands of solicitations to potential victims throughout the United States and have grossed at least \$10 million over the course of the scheme.

In addition, the complaint names several entities and individuals responsible for printing Kern's solicitations, including NSD Products, Inc. and its principal, Edgar Del Rio, and an employee, Sean O'Connor, as well as New Generations Graphics, Inc., and its principal, Epifanio Castro, all of the Las Vegas, Nevada area. Other defendants named in the complaint include: Neptune Data Services, Inc., and its principal, Stephen Fennell, of North Las Vegas, Nevada, who assisted Kern with identifying her solicitation recipients and Andrea Burrow, of Las Vegas, Nevada, who processed victim returns.

Anti-Fraud Injunction Sought Against Florida Direct Mailer

In another civil injunction action filed in the Southern District of Florida, the government is seeking to stop two businesses and two individuals from operating a direct-mailing scheme based in Fort Lauderdale, Florida. The complaint alleges that Art Masters LLC, which does business as Palm Beach Liquidation Gallery, and its principal, Eugene Marotta, of Fort Lauderdale, Florida, and William Clutter, who does business as Edge Graphics, of North Las Vegas, Nevada, committed mail fraud in connection with their scheme. The complaint alleges that the defendants sent—and continue to send—fraudulent solicitations styled as notifications that the recipient has won a large package of cash and prizes, typically worth more than \$350,000. The

complaint further alleges that the defendants mail thousands of solicitations to potential victims throughout the United States and have grossed more than \$1 million since 2016.

Anti-Fraud Injunction Sought Against Phoenix Direct Mailer and Las Vegas Printer

In another civil injunction action, the government is seeking to stop a collection of businesses and individuals who have operated a direct-mailing scheme based out of Phoenix, Arizona, since at least 2012. The filed complaint alleges that defendants Kimberly Anne Stamps, 41, of Gilbert, Arizona, and Yuriko Espino Ramos, 29, of Mesa, Arizona, and their companies, KPS Productions, LLC, KPS Promotions LLC, JJMK Enterprises, LLC, JKS Ventures, LLC, and YR Mail Services LLC, committed mail fraud in connection with a prize-promotion scheme. The complaint alleges that the defendants send fraudulent solicitations styled as notifications that the recipient had won a large cash prize, typically worth between \$500,000 and \$2 million. The complaint further alleges that the defendants mailed hundreds of thousands of solicitations to potential victims throughout the United States every year and collected more than \$3 million annually.

The complaint also alleges claims against defendants Barbara Trickle, 73, of Las Vegas, Nevada. Defendant Trickle owns and operates defendants Western Mailing Services and Cyber Solutions, Inc., based in Las Vegas, Nevada. The defendants provide bulk mail printing services to Stamps and Yuriko, printing the fraudulent mail solicitations from templates, adding recipient names, filling envelopes with the mailers, and mailing the solicitations. The complaint alleges that the defendants were aware that the mailings were designed to deceive consumers into paying a fee and believing they had already won a valuable prize.

FTC and Missouri State Attorney General Action Missouri Direct Mailer

On February 20, 2017, the Federal Trade Commission and the Missouri Attorney General's Office filed a case in the U.S. District Court for the Western District of Missouri against Next-Gen, Inc., Opportunities Unlimited Publications, Inc., eight other companies, and the two individuals who control them. As alleged in the FTC's and Missouri's complaint, since at least 2013, the defendants have mailed tens of millions of deceptive sweepstakes and other prize mailers to consumers throughout the United States and abroad. The deceptive mailers, from fictitious entities such as "Award Notification Commission" and "North American Awards Center," trick consumers into thinking that they have won a substantial cash prize, as much as \$1 million or \$2 million, and that, to claim their prize, the consumer need only pay a registration or acquisition fee ranging from \$9 to \$139. The FTC and Missouri allege that the defendants, through their deceptive scheme, have extracted more than \$110 million from consumers, a disproportionate number of whom are elderly Americans.