

UNITED STATES DISTRICT COURT

for the District of New Jersey

ORIGINAL FILED OCT 15 2014 WILLIAM T. WALSH, CLERK

United States of America v. ROBERT S. ARMSTRONG

Case No. 14-5564 (KMW)

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of July 2014 through Sept. 26, 2014 in the county of Gloucester in the District of New Jersey, the defendant(s) violated:

Code Section 18 U.S.C. Section 1341

Offense Description Mail fraud -- see Attachment A hereto

This criminal complaint is based on these facts:

See Attachment B hereto

Continued on the attached sheet.

Michael A. Marro, Jr. (Signature)

Complainant's signature

Michael A. Marro, Jr., U.S. Postal Inspector

Printed name and title

Sworn to before me and signed in my presence.

Date: 10/15/2014

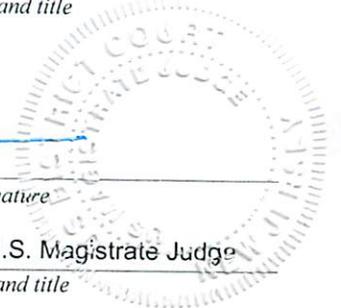
City and state: Camden, New Jersey

Karen M. Williams (Signature)

Judge's signature

Hon. Karen M. Williams, U.S. Magistrate Judge

Printed name and title



CONTENTS APPROVED

UNITED STATES ATTORNEY

By: 

DIANA VONDRA CARRIG
Assistant U.S. Attorney

Date: October 15, 2014

ATTACHMENT A

At all times relevant to this Complaint and in furtherance of his scheme and artifice to defraud:

1. Robert S. Armstrong operated a business named Scholastic School Supply, LLC from his home in Franklinville, New Jersey.

2. Robert S. Armstrong rented and maintained control over two mail boxes at Commercial Mail Receiving Agents (“CMRA’s”) located in Sewell, New Jersey and Las Vegas, Nevada.

3. Robert S. Armstrong prepared invoices which sought payment in the amount of \$647.50 for an order of either math or English/language art workbooks which had not been ordered or received by the victim schools.

4. Robert S. Armstrong contracted with a bulk mailing company to mail via U.S. Mail the fraudulent invoices to more than 70,000 schools throughout the United States. The invoices contained return envelopes bearing the address of either of the two mail boxes in Sewell and Las Vegas which were under Robert A. Armstrong’s control, so that the victim schools could mail their payments for the non-existent books back to Robert S. Armstrong.

5. Robert S. Armstrong received checks from various victim schools and deposited and caused to be deposited such checks into bank accounts which he had opened in the name of Scholastic School Supply, LLC.

6. From in or about July 2014 through on or about September 26, 2014, in Franklinville, in the District of New Jersey and elsewhere, the defendant,

ROBERT S. ARMSTRONG,

did knowingly and intentionally devise a scheme and artifice to defraud and obtain money by means of false and fraudulent pretenses, representations and promises, and for the purpose of

executing such scheme and artifice, did knowingly and with fraudulent intent deposit and cause to be deposited in any post office and authorized depository for mail matter, any matter or thing to be sent or delivered by the United States Postal Service, and took or received therefrom, any such matter or thing.

All in violation of Title 18, United States Code, Section 1341.

ATTACHMENT B

I, Michael A. Marro Jr., being duly sworn depose and state the following:

Introduction

1. I am currently employed as a United States Postal Inspector in Bellmawr, New Jersey, and I have been employed as a Postal Inspector for twelve years. My duties as a Postal Inspector have consisted of investigating persons and entities alleged to have committed federal criminal violations.

2. Because this affidavit is submitted for the limited purpose of establishing probable cause, I have not included every detail of the investigation. Rather, I have set forth only those facts necessary to establish probable cause to believe that Robert S. Armstrong committed mail fraud, in violation of Title 18, United States Code, 1341.

3. The information contained in this affidavit is based upon my personal knowledge and observations, conversations with other law enforcement officers, witness interviews and the review of documents. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part.

The Investigation into the Activities of Armstrong Began with Complaints from Various Schools

4. On or about August 5, 2014, the Philadelphia Division of the United States Postal Inspection Service ("USPIS") received a complaint from an administrative employee at Victim School 1 in Lexington, Massachusetts 02421 regarding a solicitation that the school believed was fraudulent. The solicitation contained an invoice for \$647.50 for an order of books that were neither ordered nor received. The vendor was a company named Scholastic School Supply located, according to the invoice, at 283 B Egg Harbor Road, Suite 197, Sewell, New

Jersey 08080.

5. On or about August 14, 2014, the USPIS received a complaint from an administrative employee of Victim School 2 in San Francisco, California 94134 regarding a similar fraudulent invoice that the school had received from Scholastic School Supply, 1350 E. Flamingo Road, Suite 820, Las Vegas, Nevada 89119, including an invoice for a textbook that was never received by the school. Before realizing that the invoice was fraudulent, Victim School 2 mailed a payment check for \$647.50 to the address listed above.

6. On September 4, 2014, I conducted an internal complaint review regarding Scholastic School Supply and identified more than 125 complaints received by the USPIS from various schools located throughout the United States relative to the same false billing scheme.

The Invoices Received by the Schools Contained Numerous Indicia of Fraud

7. I examined invoices received by various complaining schools and noticed several indicia of fraud, including the use of a false business address. Specifically, on the invoices, Scholastic School Supply listed its address as being 283 B Egg Harbor Road, Suite 197, Sewell, New Jersey 08080 or at 1350 E. Flamingo Road, Suite 820, Las Vegas, Nevada, 89119. Neither of these addresses is a physical business location but rather is a Commercial Mail Receiving Agent ("CMRA"). Specifically, the Sewell, New Jersey address is for a privately owned CMRA named "We R Mail," and correlates to mailbox number 197, and the Las Vegas, Nevada address is for a United Parcel Service ("UPS") Store and correlates to mailbox number 820. United States Postal Regulations prohibit businesses from using the word "suite" in their address when they have no physical location attributed to their business. Rather, such businesses are required to use the acronym "PMB" for Personal Mail Box. The purpose of this requirement

is to inform the receiver of the mail that the address is a CMRA and not a physical business address. Based upon my knowledge and experience in investigating mail fraud, I know that businesses that are involved in fraudulent activity often use CMRA's and list their business addresses as a "suite" to give the appearance that the business has a physical location when none actually exists in an attempt to lend an air of legitimacy to the business.

8. I obtained copies of documents pertaining to the rental of mailboxes 197 and 820 in Sewell and Las Vegas, respectively, and learned that each of those mailboxes had been rented by Robert S. Armstrong at an address in Franklinville, New Jersey. A review of the application to lease box 197 revealed that it was opened on July 7, 2014 by Robert S. Armstrong and that Armstrong had provided his New Jersey Driver's License listing his Franklinville residence as his address, as a means of photo identification to open the box. Similarly, a review of the application to lease box 820 in Las Vegas revealed that the box was opened on July 24, 2014 by Robert S. Armstrong, and that Armstrong again provided a copy of his New Jersey Driver's License in order to open the box.

9. I obtained a copy of the contract signed by Robert S. Armstrong from "We R Mail," in Sewell, New Jersey, which included a warning about the United States Postal Service's prohibition on misrepresenting a CMRA mailbox as a physical business location by using the word "suite."

10. I verified through U.S. Mail records and New Jersey Department of Motor Vehicles records that Robert S. Armstrong currently lives at the Franklinville, New Jersey address and has a valid New Jersey driver's license issued to him at that address.

11. Additionally, I learned that Armstrong opened the Las Vegas mailbox 820

as a “forwarding box,” meaning that he opened it with the sole purpose of having the mail from that box forwarded to another address at a prescribed time increment. Employees of the UPS Store in Las Vegas stated that Armstrong requested to have all mail received at box 820 forwarded directly to his residence in Franklinville, New Jersey on a weekly basis. UPS Store employees in Las Vegas stated that they had complied with Armstrong’s instructions and that all of the mail received in box 820 had been forwarded to Armstrong’s residence, including, necessarily, the mailing containing the payment from Victim School 2 described above. On or about September 22, 2014, I verified that the most recent mailing that forwarded mail from Box 820 was sent to Armstrong’s residence in Franklinville, New Jersey on September 22, 2014 and was delivered to that address on September 24, 2014.

12. On the invoices, Scholastic School Supply listed their office telephone number as 866-807-5778. This telephone number is out of service. Based upon my knowledge and experience in investigating mail fraud, I know that businesses involved in fraudulent activity often list a telephone contact number to give an air of legitimacy to the invoice, and also often list a phony telephone number to avoid receiving actual complaints from consumers.

13. On the invoices, Scholastic School Supply listed its Federal Employee Identification Number “FEIN” for tax filings as being 47-1264214. Investigation into this FEIN number revealed that it is not a legitimate FEIN. Based upon my knowledge and experience in investigating mail fraud, I know that businesses that are involved in fraudulent activity will list a non-existent FEIN number on documentation to give an air of legitimacy to that documentation, where none exists.

14. On the invoices, Scholastic School Supply purports to be selling math or

English/language arts workbooks. The invoice lists the workbooks' International Standard Book Number "ISBN" as 378-5929-4623 or 978-4217-3250. International agreements state that one agency per country is designated to assign ISBNs for the publishers and self-publishers located in that country. The United States ISBN Agency cannot assign ISBNs to publishers and self-publishers located outside the United States and its territories. The ISBN is a unique identifying number assigned to each book published in the United States. Investigation into the ISBNs listed on the invoices indicated that the books purported to be sold are either non-existent, that is, there are no books bearing the ISBNs from the invoices lawfully being sold in the United States, or that the ISBNs correspond to legitimate books but not the books named in the invoices.

Other Indicia of Fraud

15. I conducted further investigation into Scholastic School Supply and learned of other indicia of fraud with respect to that business. For example, I ran a record check through Dun and Bradstreet which showed that there was no business registered in the State of New Jersey by the name of Scholastic School Supply.

16. Similarly, I ran a record check with the Department of the Treasury which indicated that Scholastic School Supply is not a registered business and has not filed for an Employee Identification Number for tax filing.

Interviews and Surveillances Connected Armstrong to the Boxes and Invoice

17. On September 9, 2014, I interviewed the owner of "We R Mail" in Sewell, New Jersey. During that interview, the owner of "We R Mail" stated that Armstrong and his wife, A.A., pick up the mail from box 197 on a regular basis, that is, approximately every other day, and that Armstrong typically drove a new red Ford Mustang when he came to "We R Mail."

18. On September 11, 2014, Postal Inspectors conducted physical surveillance of Robert S. Armstrong. Inspectors observed Armstrong leave his residence at approximately 11:30 a.m. driving a red, 2014 Ford Mustang. Inspectors followed Armstrong directly from Armstrong's residence to the Franklin Savings Bank located at 2039 Delsea Drive, Franklinville, New Jersey 08322. Once Armstrong left the bank, I interviewed bank employees regarding Armstrong's business transactions that day. Franklin Savings Bank employees stated that Armstrong had attempted to open three business checking accounts, one in the name of Scholastic School Supply, LLC, but that employees had refused to open such accounts because Armstrong did not have valid FEIN documentation from the Department of Treasury.

19. On September 15, 2014, Postal Inspectors conducted physical surveillance of the "We R Mail" store in Sewell, New Jersey. At approximately 12:00 p.m., Inspectors observed Armstrong's wife, A.A., arrive at the store, access the mail box leased by Armstrong, take the mail and place it into her automobile. Inspectors followed A.A. from the "We R Mail" store to a UPS Store located at 816 North Delsea Drive, Glassboro, New Jersey 08028, where she accessed another mail box. A.A. then drove directly back to her and Robert S. Armstrong's Franklinville residence.

20. On September 22, 2014, I analyzed samples of the fraudulent invoices that had been mailed on behalf of Scholastic School Supply. The U.S. Postage Paid envelopes indicated that the mailings were sent from Portland, Maine 04104, and had been paid by bulk mail permit number 492. A bulk mailer is a company or individual that prepares mailings for others and receives a discounted postage rate from the United States Postal Service because they mail in bulk quantities. Each bulk mailer has a unique permit number assigned to them for

postage billing. I learned that in Portland, Maine, permit number 492 belongs to a bulk mailing company named Mailings Unlimited, 116 Riverside Industrial Parkway, Portland, Maine 04103.

21. I spoke with the owner of Mailings Unlimited on several occasions during the pendency of this investigation. During one of those conversations, the owner stated that Mailings Unlimited received via email a one page solicitation/letter from Robert S. Armstrong via email together with a list of schools and addresses to which Armstrong wanted the solicitations mailed. Mailings Unlimited took Armstrong's one page solicitation and conducted a mail merge, inserting the name and address of each school into the one page form solicitation and then sent out the mailings to the various schools in batches. Each mailing sent by Mailings Unlimited on behalf of Scholastic School Supply included an envelope – for the school's payment -- preaddressed to Scholastic School Supply at one of Armstrong's CMRAs, either in Sewell or Las Vegas.

22. On September 23, 2014, I received the mailing history of Scholastic School Supply from Mailings Unlimited. Analysis of the mailing records showed that from August 15, 2014 through September 4, 2014, Mailings Unlimited sent via U.S. Mail on behalf of Scholastic School Supply, approximately 73,077 copies of that solicitation letter to various schools throughout the United States. Mailings Unlimited sent me a copy of the business reply envelopes that were sent along with the invoice solicitations, which bore the addresses of the CMRA mailboxes rented by Armstrong in July 2014, that is, 283-B Egg Harbor Road, Suite 197, Sewell, New Jersey 08080 and 1350 E. Flamingo Road, Suite 820, Las Vegas, Nevada 89119.

Armstrong Has Deposited Proceeds from the False Billing Scheme into Various Bank Accounts

23. As part of the investigation, I have been seeking information regarding the location of the proceeds from Armstrong's false billing scheme. To that end, I have interviewed several bank employees and have issued subpoenas for various bank records. To date, I am aware of approximately eight bank accounts opened by Robert S. Armstrong in the name Scholastic School Supply LLC, which contained proceeds from the false billing scheme. The Government has applied for and obtained seizure warrants for five of those accounts and has seized, to date, approximately \$281,440.46. In addition, the Government will be seeking an additional seizure warrant for a sixth bank account which contains approximately \$45,232.00 in proceeds from the false billing scheme. The remaining two bank accounts were closed in September.

Armstrong Admitted to Sending Invoices to Schools for Non-Existent Books

24. In addition, the United States sought and obtained a search warrant for Armstrong's Franklinville residence, which was executed by United States Postal Inspectors on or about September 26, 2014.

25. Shortly after the execution of the search warrant on Armstrong's residence, Armstrong agreed to come to the Franklinville Police Department for an interview. During that interview, Armstrong stated the following, in substance and in part:

- a. Armstrong decided that he would develop and sell text books to schools and went into business using the name Scholastic School Supply.
- b. Armstrong sent out more than 70,000 invoices via a bulk mailing company in Maine to various schools, billing them in advance for the text books he had not yet created.

c. Armstrong wanted the invoices to look professional so that the schools would think they were real. In that vein, Armstrong made-up an ISBN number to include on the invoices because he knew that all real text books have ISBN numbers.

d. Armstrong knew that it was wrong to send out the invoices before he had created a text book.