

UNITED STATES DISTRICT COURT

FILED

NORTHERN DISTRICT OF CALIFORNIA 8 P 1:18

SAN JOSE DIVISION

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
N.D. OF CALIFORNIA
SAN JOSE

✓

THE UNITED STATES OF AMERICA

vs.

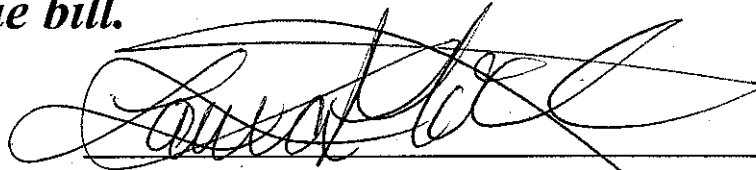
DAVID RUSSELL FOLEY, and

MICHAEL DADDONA,

SUPERSEDING INDICTMENT

SEE ATTACHMENT

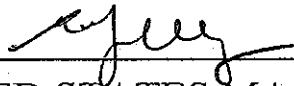
A true bill.



Foreperson

Filed in open court this 17th day of August

A.D. 2011



UNITED STATES MAGISTRATE JUDGE

NO PROCESS

Bail \$ ^

SUPERSEDING INDICTMENT COVER SHEET

United States v. David Russell Foley and Michael Daddona

Criminal Case No. CR-09-670-EJD

- Count 1:** 18 U.S.C. §§ 1349 - Conspiracy to Commit Mail Fraud and Wire Fraud
(Foley and Daddona)
- Counts 2-24:** 18 U.S.C. §§ 2320(a), and 2–Trafficking in Counterfeit Goods;
Aiding and Abetting (Foley and Daddona)
- Count 25:** 18 U.S.C. §2314 and 2–Transportation of Stolen Goods; Aiding and Abetting
(Foley Only)
- Count 26:** 18 U.S.C. §§ 1832(a)(1)–Theft of Trade Secrets (Foley Only)
- Counts 27-31:**18 U.S.C. §§ 1341 and 2–Mail Fraud; Aiding and Abetting
(Foley and Daddona)
- Counts 32-42:** 18 U.S.C. §§ 1343 and 2–Wire Fraud; Aiding and Abetting
(Foley and Daddona)
- Count 43:** 18 U.S.C. §§ 1956(h)–Conspiracy to Commit Money Laundering; Aiding and
Abetting (Foley and Daddona)
- Counts 44-48:** 18 U.S.C. §§ 1956(a)(1)(B)(i)–Money Laundering to Conceal Illegal Activity
Aiding and Abetting (Foley and Daddona)
- Counts 49-53:** 18 U.S.C. §§ 1957–Engaging In Money Laundering Transactions In
Property Derived From Specified Unlawful Activity (Foley Only)

MELINDA HAAG (CSBN 132612)
United States Attorney

FILED

2011 AUG 18 P 1:18

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
N.D. CALIF. SAN JOSE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA,

Defendants.

No. CR-09-670-EJD

VIOLATIONS: 18 U.S.C. § 1349 -
Conspiracy to Commit Mail Fraud and Wire
Fraud; 18 U.S.C. § 2320(a) - Trafficking in
Counterfeit Goods; 18 U.S.C. § 2314 -
Transportation of Stolen Goods; 18 U.S.C.
§ 1832(a)(1) - Theft of Trade Secrets; 18
U.S.C. § 1341 - Mail Fraud; 18 U.S.C.
§ 1343 - Wire Fraud; 18 U.S.C. § 1956(h) -
Conspiracy to Commit Money Laundering;
18 U.S.C. § 1956(a)(1)(B)(i) - Money
Laundering to Conceal Illegal Activity; 18
U.S.C. § 1957(a) - Engaging in Monetary
Transactions in Property Derived From
Specified Unlawful Activity.

SAN JOSE VENUE

SUPERSEDING INDICTMENT

The Grand Jury charges:

BACKGROUND

At all times relevant to this Superseding Indictment:

1. Global VR was a corporation located in San Jose, California, engaged in the
business of the development and sale of coin-operated arcade video games based on home

SUPERSEDING INDICTMENT
[CR-09-670-EJD]

1 gaming technology.

2 2. Defendant DAVID RUSSELL FOLEY (“FOLEY”) resided in Los Gatos,
3 California. From approximately 2003 to 2006, FOLEY owned and operated an arcade video
4 game company called UltraCade Technologies (Ultracade) in San Jose, California. Ultracade’s
5 core business was centered upon the sale of video games licensed from and developed by third
6 parties, specifically for the coin-operated video arcade gaming market. FOLEY owned all the
7 rights to the intellectual property developed by Ultracade and held all the licenses granted to
8 Ultracade.

9 3. Defendant MICHAEL DADDONA (“DADDONA”) owned and operated a coin-
10 operated vending and arcade game business called Automated Services in Milford, Connecticut.

11 4. Global VR and Ultracade entered into negotiations to evaluate an acquisition of
12 the assets of both Ultracade and FOLEY through an Asset Purchase Transaction. On December
13 8, 2005, Ultracade and Global VR signed a Memorandum of Understanding memorializing the
14 parties’ intentions. On June 2, 2006, all of the assets of Ultracade and the assets FOLEY owned
15 in Ultracade were conveyed to Global VR through a third party. As part of the purchase, Global
16 VR obtained all of Ultracade’s and FOLEY’s ownership interests in the subject technology and
17 assets. FOLEY, who had been a part of the development of some of Ultracade’s products, also
18 signed over all intellectual property titled in his own name. All UltraCade’s licensing rights were
19 also transferred to Global VR.

20 5. Beginning on June 2006, FOLEY was employed by Global VR as the Chief
21 Technology Officer and was obligated under his Employment and Confidentiality agreements
22 with Global VR to maintain the proprietary and confidential information in confidence and to act
23 in Global VR’s best interests, even after he stopped working for Global VR.

24 6. One of the products that Ultracade sold was an item called a game pack. A game
25 pack was a collection of video games that could be loaded onto arcade video game machines.
26 Ultracade transferred the rights to produce and sell its game packs to Global VR as part of the
27 Asset Purchase Transaction described above. Ultracade also sold games that were never licensed
28 to Ultracade or to FOLEY.

1 benefits from the sale of Ultracade to Global VR, retained and stole the intellectual property and
2 trade secrets belonging to Global VR, and secretly manufactured and sold counterfeit game packs
3 containing video arcade games with counterfeit markings belonging to Global VR to
4 DADDONA and Automated Services for his own financial benefit.

5 12. As a further part of the conspiracy and scheme and artifice to defraud, FOLEY
6 retained the intellectual property and trade secrets belonging to Global VR, and used materials
7 purchased by Global VR, and other equipment belonging to Global VR, to manufacture and
8 produce counterfeit game packs and complete video arcade game systems with counterfeit
9 markings.

10 13. As a further part of the conspiracy and scheme and artifice to defraud, FOLEY
11 manufactured counterfeit game packs by using and including the proprietary code that enabled
12 the games belonging to and licensed by Global VR, as well as games not licensed by Global VR,
13 but owned by third party gaming software developers, to be played on the video arcade game
14 platform belonging to Global VR.

15 14. As a further part of the conspiracy and scheme and artifice to defraud, and
16 unbeknownst to Global VR, beginning on a date unknown, but no later than on June 2, 2006, and
17 continuing to approximately January 30, 2008, FOLEY manufactured game packs (hereinafter
18 "counterfeit game packs") at his residence using a fob burner stolen from Ultracade, along with
19 approximately 1,500 blank key fobs also stolen from Ultracade, and an additional 200 blank key
20 fobs that FOLEY ordered from another source and charged to Global VR. FOLEY used the
21 licensed operating system on the key fob burner to manufacture the counterfeit game packs for
22 his own benefit.

23 15. As a further part of the conspiracy and scheme and artifice to defraud, FOLEY
24 then sold the counterfeit game packs he manufactured to DADDONA. The proceeds paid to
25 FOLEY for the counterfeit game packs were not recorded in Global VR's accounting records.

26 16. As a further part of the conspiracy and scheme and artifice to defraud, FOLEY
27 sold a key fob burner to DADDONA, so that DADDONA could manufacture games packs
28 loaded with the intellectual property and trade secrets that belonged to Global VR and others.

1 17. As a further part of the conspiracy and scheme and artifice to defraud,
2 DADDONA paid FOLEY for the counterfeit game packs using checks made payable to FOLEY.
3 At FOLEY's direction, DADDONA also paid FOLEY for the counterfeit game packs by sending
4 checks and wire transfers to a company called Toaplan, which was an entity established and
5 controlled by FOLEY. At FOLEY's direction, DADDONA also paid FOLEY for the counterfeit
6 game packs by sending checks and wire transfers to a Bank of America account in the name of
7 B.B. After deposits were made into the B.B. bank account, the majority of the funds were
8 transferred to Bank of America Account No. XXXXXX5625, belonging to FOLEY.

9 18. As a further part of the conspiracy and scheme and artifice to defraud
10 DADDONA, on behalf of Automated Services, advertised and sold the counterfeit game packs
11 and arcade systems as authentic Global VR products on eBay, an online auction market website.
12 The counterfeit game packs were sold at significantly lower prices than the retail prices charged
13 by Global VR.

14 19. As a further part of the conspiracy and scheme and artifice to defraud, consumers
15 would and did send payments for the counterfeit game packs to Automated Services and
16 DADDONA by mail or by wire transfers of funds through PayPal, an online money transfer
17 service.

18 20. As a further part of the conspiracy and scheme and artifice to defraud, after
19 DADDONA received payment for what was represented to consumers to be new and genuine
20 Global VR product, DADDONA arranged for Automated Services to mail the counterfeit game
21 packs to the consumers nationwide.

22 21. As a further part of the scheme and artifice to defraud, and in an attempt to
23 conceal FOLEY's illicit activity from his employer, Global VR, FOLEY instructed, encouraged,
24 and otherwise caused DADDONA to lie to representatives of Global VR when DADDONA was
25 asked why he had not purchased the regular supply of game packs from Global VR.

26 All in violation of 18 U.S.C. § 1349.
27
28

1 COUNTS TWO THROUGH TWENTY-FOUR: (18 U.S.C. §§ 2320(a) and 2 - Trafficking in
2 Counterfeit Goods; Aiding and Abetting)

3 22. The factual allegations in Paragraphs 1 through 8 are re-alleged and incorporated
4 herein as if set forth in full.

5 23. On or about the dates set forth in the separate counts below, in the Northern
6 District of California, and elsewhere, the defendants

7 DAVID RUSSELL FOLEY, and
8 MICHAEL DADDONA

9 did intentionally traffic in goods and knowingly use counterfeit marks on and in connection with
10 those goods, by knowingly transporting, transferring, and disposing of for value, the following
11 packages of the below-listed counterfeit game packs and arcade systems:

Count	Date	Item
2	06/29/06	Casino Pack for Ultracade
3	08/26/06	Taito Arcade Classics Pack for Arcade Legends
4	09/22/06	Trackball Classics Pack for Ultracade
5	10/09/06	Midway Arcade Treasures for Arcade Legends
6	03/07/06	Lost Treasures for Arcade Legends
7	03/18/06	Sports Pack for Arcade Legends
8	04/06/07	Space Invaders for Ultracade
9	09/09/07	Dragon's Lair Anniversary Pack for Ultracade
10	12/11/07	Mega Pack for Arcade Legends
11	1/28/08	Custom F Pack for Arcade Legends
12	12/22/06	Frogger for Ultracade
13	5/10/07	Frogger for Ultracade
14	5/10/07	Gyruss for Ultracade
15	3/8/07	Ms. Pacman for Ultracade
16	3/8/07	Pacman for Ultracade
17	5/10/07	Xevious for Ultracade
18	3/8/07	Xevious for Ultracade
19	5/10/07	Donkey Kong for Ultracade

28 SUPERSEDING INDICTMENT
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20	5/10/07	Donkey Kong 3 for Ultracade
21	5/10/07	Donkey Kong Jr. for Ultracade
22	4/10/07	Mario Brothers for Ultracade
23	1/29/07	Jungle Hunt for Arcade Legends
24	1/9/07	Elevator Action for Arcade Legends

All in violation of 18 U.S.C. §§ 2320(a) and 2.

COUNT TWENTY-FIVE: (18 U.S.C. §§ 2314 and 2 - Transportation of Stolen Goods; Aiding and Abetting)

24. The factual allegations in Paragraphs 1 through 8 are hereby realleged and incorporated by reference as if set forth in full herein.

25. Beginning on or about June 2006, and ending on or about January 2008, the defendant

DAVID RUSSELL FOLEY

did knowingly transport, transmit, and transfer in interstate commerce, that is, from California to Connecticut, goods of the value of \$5,000 or more, to wit: a key fob burner containing the intellectual property and proprietary code belonging to and licensed by Global VR, knowing the same to have been stolen, converted and taken by fraud.

All in violation of 18 U.S.C. §§ 2314 and 2.

COUNT TWENTY-SIX: (18 U.S.C. § 1832(a)(1) - Theft of Trade Secrets)

26. The factual allegations in Paragraphs 1 through 8 are hereby realleged and incorporated by reference as if set forth in full herein.

27. Beginning on or about June 2006, and ending on or about January 2008, in the Northern District of California, the defendant

DAVID RUSSELL FOLEY

with intent to convert a trade secret, that is related to and included in products that are produced for and placed in interstate commerce, specifically the Ultracade software delivery mechanism enabling the games contained in the Ultracade game packs to be played on the Ultracade

SUPERSEDING INDICTMENT
[CR-09-670-EJD]

propriety multi-game gaming systems, intending that the theft would economically benefit someone other than Global VR, and intending and knowing that the offense would injure Global VR, did steal and without authorization, appropriate and take such information.

All in violation of 18 U.S.C. § 1832(a)(1).

COUNTS TWENTY-SEVEN THROUGH THIRTY-ONE: (18 U.S.C. §§ 1341 and 2 - Mail Fraud; Aiding and Abetting)

28. The factual allegations in Paragraphs 1 through 8 and 11 through 21 are hereby realleged and incorporated by reference as if set forth in full herein.

29. On or about the dates listed below, in the Northern District of California and elsewhere,

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA

having devised the above-described scheme and artifice to defraud and obtain money by means of material false and fraudulent pretenses, representations, and promises, caused to be deposited matters and things in the Northern District of California, that is, game packs and video arcade units, to be sent and delivered by a private and commercial interstate carrier, that is, United Parcel Service, as set forth in the separate counts below:

Count	Date	Item Mailed	Addressee
27	6/29/06	Casino Pack for Ultracade; Galaxian Pack for Ultracade; Space Invaders Deluxe for Ultracade	S.M. in Danville, California
28	10/12/06	Midway Arcade Treasures 1 Pack for Arcade Legends; Arcade Pack 4 for Arcade Legends including Mario Bros. Popeye and Moon Patrol	T.T. in Danville, California
29	6/01/07	Donkey Kong, Mario Popeye for Arcade Legends	J.B. in San Jose, California

30	9/9/07	Dragon's Lair Anniversary Pack for Ultracade; Taito arcade Classics Pack for Ultracade	A.E. in Sunnyvale, California
31	12/10/07	Treasures 1 Pack for Ultracade; Sports Pack for Ultracade; Mario Bros., Frogger, Elevator Action, Zookeeper for Ultracade; King Pack for Ultracade	R.C. in Foster City, California

All in violation of 18 U.S.C. §§ 1341 and 2.

COUNTS THIRTY-TWO THROUGH FORTY-TWO: (18 U.S.C. §§ 1343 and 2 - Wire Fraud; Aiding and Abetting)

30. The factual allegations in Paragraphs 1 through 8 and 11 through 21 are hereby realleged and incorporated by reference as if set forth in full herein.

31. On or about the dates listed below, in the Northern District of California and elsewhere, the defendants,

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA

having devised the above-described scheme and artifice to defraud and obtain money by means of material false and fraudulent pretenses, representations, and promises, knowingly transmitted and caused to be transmitted, in interstate and foreign commerce, that is, from the Northern District of California to Connecticut, by means of wire communications, certain writings, signs, and signals, as set forth in the counts below:

Count	Invoice Date	Description of Wire	Payment Amount Wired
32	6/29/06	Credit Card Payment from S.M.	\$ 697.50
33	10/12/06	Credit Card Payment from T.T.	\$1,030.00
34	12/26/06	PayPal Payment from b-strange	\$ 122.64
35	1/11/07	PayPal Payment from jaknjilof6177	\$ 119.60
36	1/30/07	PayPal Payment from mikeaXXXXXX	\$ 119.60
37	2/9/07	Credit Card Payment from K.C.	\$ 260.00
38	3/08/07	PayPal Payment from lotto1717	\$ 160.39

SUPERSEDING INDICTMENT
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39	4/11/07	PayPal Payment from scott42138	\$ 579.99
40	5/16/07	PayPal Payment from kengc3	\$ 235.00
41	9/9/07	Credit Card Payment from A.E.	\$ 592.25
42	12/5/07	PayPal Payment from 76erogers	\$ 180.25

All in violation of 18 U.S.C. §§ 1343 and 2.

COUNT FORTY-THREE: (18 U.S.C. § 1956(h) - Conspiracy to Commit Money Laundering)

32. The factual allegations in Paragraphs 1 through 8, and Counts 2 through 42, are hereby re-alleged and incorporated herein as if set forth in full.

33. Beginning on a date unknown, but by no later than in or about June 2006, and continuing to on or about February 2008, in the Northern District of California and elsewhere, the defendants,

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA,

and others known and unknown to the Grand Jury, knowing that the property involved in certain financial transactions represented the proceeds of some form of unlawful activity, did knowingly and intentionally conspire to conduct financial transactions affecting interstate commerce which in fact involved the proceeds of specified unlawful activity, namely criminal theft of a trade secret, trafficking in counterfeit goods, transportation of stolen goods, mail fraud and wire fraud, in violation of Title 18, United States Code, Sections 1832(a)(1), 2320(a), 2314, 1341 and 1343, knowing that the transactions were designed at least in part to conceal and disguise the nature, the location, the source, the ownership, and the control of the proceeds of the specified unlawful activity.

All in violation of 18 U.S.C. § 1956(h).

COUNTS FORTY-FOUR THROUGH FORTY-EIGHT: (18 U.S.C. 1956(a)(1)(B)(i) - Money Laundering to Conceal Illegal Activity)

34. The factual allegations in Paragraphs 1 through 8, and Counts 2 through 42, are hereby re-alleged and incorporated by reference as if set forth in full herein.

35. On or about the dates set forth in the separate counts below, in the Northern

District of California, and elsewhere, the defendants

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA

knowing that the property involved in the financial transaction represented proceeds of some form of unlawful activity, did knowingly and willfully conduct and attempt to conduct the financial transactions set forth below, affecting interstate and foreign commerce, all of which involved the proceeds of specified unlawful activity, namely criminal theft of a trade secret, trafficking in counterfeit goods, transportation of stolen goods, mail fraud and wire fraud, in violation of Title 18, United States Code, Sections 1832(a)(1), 2320(a), 2314, 1341 and 1343, knowing that each transaction was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of those specified unlawful activities, to wit: the defendants established and used bank accounts in the names of nominee entities including Toaplan Ltd and B.B. to conceal the proceeds of the unlawful activity:

Count	Date	Financial Transaction
44	2/7/07	\$6000 wire transfer to Toaplan Account
45	8/1/07	\$3,500 wire transfer to Toaplan Account
46	12/5/06	\$10,000 wire transfer to B.B. Account
47	12/6/06	\$10,000 wire transfer to B.B. Account
48	4/5/07	\$2,000 wire transfer to B.B. Account

All in violation of 18 U.S.C. § 1956(a)(1)(B)(i).

COUNTS FORTY-NINE THROUGH FIFTY-THREE: (18 U.S.C. § 1957(a) - Engaging in Monetary Transactions in Property Derived From Specified Unlawful Activity)

36. The factual allegations in Paragraphs 1 through 8, and Counts 2 through 42 are hereby re-alleged and incorporated by reference as if set forth in full herein.

37. On or about the dates set forth in the separate counts below, in the Northern District of California, and elsewhere, the defendant

DAVID RUSSELL FOLEY

1 did knowingly engage in a monetary transaction in criminally derived property of a value greater
 2 than \$10,000 derived from specified unlawful activity that took place in the United States,
 3 namely criminal theft of a trade secret, in violation of Title 18, United States Code, Section
 4 1832(a)(1); trafficking in counterfeit goods, in violation of Title 18, United States Code, Section
 5 2320(a); transportation of stolen goods, in violation of Title 18, United States Code, Section
 6 2314; and wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341
 7 and 1343, as follows:

Count	Date	Financial Transaction	Amount
49	6/29/06	Down payment for Los Gatos, California home	\$95,668.93
50	6/29/06	Down payment for Los Gatos, California home	\$35,463.47
51	5/16/07	Mortgage payment for Los Gatos, California home	\$16,874.85
52	8/21/07	Mortgage payment for Los Gatos, California home	\$16,874.85
53	1/22/08	Mortgage payment for Los Gatos, California home	\$18,067.87

14 All in violation of 18 U.S.C. § 1957(a).

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

17 38. The factual allegations contained in Paragraphs 1 through 9, paragraphs 12
 18 through 22, and counts 1, 27 through 42, and 44 through 48 of this Superseding Indictment are
 19 hereby re-alleged and by this reference fully incorporated herein for the purpose of alleging
 20 forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and
 21 Title 28, United States Code, Section 2461(c).

22 39. Upon conviction of any of the offenses alleged in counts 1, 27 through 42, and 44
 23 through 48 of this Superseding Indictment, the defendants

24 DAVID RUSSELL FOLEY, and
 25 MICHAEL DADDONA

26 shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C)
 27 and Title 28, United States Code, Section 2461(c), all property constituting, and derived from,
 28 proceeds the defendants obtained, directly or indirectly, as the result of said violations, including

but not limited to the following property:

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- a. a sum of money equal to the total amount of proceeds defendants derived from the commission of said offenses.

40. If, as a result of any act or omission of the defendants, any of said property

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to or deposited with, a third person;
- 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 that cannot be divided without difficulty,

any and all interest the defendants have in any other property, up to the value of the property described in Paragraph 40 above, shall be forfeited to the United States pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

SECOND FORFEITURE ALLEGATION: (18 U.S.C. § 982(a)(1))

41. The factual allegations contained in Paragraphs 1 through 9, paragraphs 12 through 22, and counts 27 through 42 of this Indictment are hereby re-alleged and by this reference fully incorporated herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 982(a)(1).

42. Upon conviction of any of the offenses alleged in Counts 32 through 42 of this Indictment, the defendants

DAVID RUSSELL FOLEY, and
MICHAEL DADDONA

shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all right, title, and interest in property, real and personal, involved in said violations, or any property traceable to such property, including but not limited to the following:

- a. all commissions, fees, and other property constituting proceeds of said offenses;

- b. all property used in any matter to commit or facilitate the commission of said offenses;
- c. a sum of money equal to the total amount of money involved in the commission of said offenses.

43. If, as a result of any act or omission of the defendant, any of said property

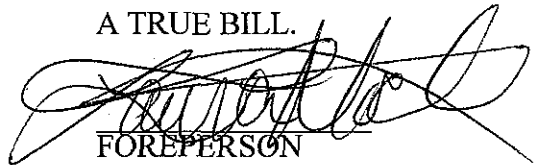
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be divided without difficulty,

any and all interest the defendant has in any other property, up to the value of the property described in Paragraph 43 above, shall be forfeited to the United States pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

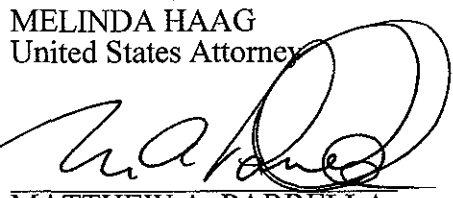
DATED:

8/17/2011

A TRUE BILL.


FOREPERSON

MELINDA HAAG
United States Attorney


MATTHEW A. PARRELLA
Chief, Computer Hacking and Intellectual Property Unit

(Approved as to form: 
AUSA RICHARD CHENG

AO 257 (Rev. 6/78)

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

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

SEE ATTACHMENT

- Petty
- Minor
- Misdemeanor
- Felony

PENALTY:

SEE ATTACHMENT

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA

FILED

DEFENDANT - U.S.

2011 AUG 18 P 1:19
DAVID RUSSELL FOLEY

DISTRICT COURT NUMBER
CR09-00670

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
N.D. CALIFORNIA

DEFENDANT

IS NOT IN CUSTODY

- 1) Has not been arrested, pending outcome this proceeding. 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)

NORTHERN DISTRICT OF CALIFORNIA

IS IN CUSTODY

- 4) On this charge
 - 5) On another conviction
 - 6) Awaiting trial on other charges } Fed'l State
- 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 _____
Month/Day/Year

DATE TRANSFERRED TO U.S. CUSTODY _____

This report amends AO 257 previously submitted

PROCEEDING

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

S/A Gregory S. Fine -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. Atty 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 _____

Name and Office of Person Furnishing Information on THIS FORM
MELINDA HAAG
 U.S. Atty Other U.S. Agency

Name of Asst. U.S. Atty (if assigned)
RICHARD CHENG

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT Bail Amount: _____

If Summons, complete following:

Arraignment Initial Appearance

Defendant Address: _____

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

Date/Time: _____

Before Judge: _____

Comments: _____

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PENALTY SHEET FOR SUPERSEDING INDICTMENT

United States v. David Russell Foley and Michael Daddona

Criminal Case No. CR-09-670-EJD

- Count 1:** 18 U.S.C. §§ 1349 - **Conspiracy to Commit Mail Fraud and Wire Fraud**
(Foley and Daddona)
Maximum Penalties: 20 years imprisonment, 3 years supervised release,
\$250,000 fine (or twice the gross gain or loss), and \$100
mandatory special assessment
- Counts 2-24:** 18 U.S.C. §§ 2320(a), and 2--**Trafficking in Counterfeit Goods;**
Aiding and Abetting (Foley and Daddona)
Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000
fine, and a \$100 mandatory special assessment.
- Count 25:** 18 U.S.C. §2314 and 2--**Transportation of Stolen Goods; Aiding and Abetting**
(Foley Only)
Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000
fine, and a \$100 mandatory special assessment.
- Count 26:** 18 U.S.C. §§ 1832(a)(1)--**Theft of Trade Secrets** (Foley Only)
Maximum Penalties: 10 years imprisonment, 3 years supervised release,
\$5,000,000 fine, and a \$100 mandatory special assessment
- Counts 27-31:**18 U.S.C. §§ 1341 and 2--**Mail Fraud; Aiding and Abetting**
(Foley and Daddona)
Maximum Penalties: 20 years imprisonment, 3 years supervised release,
\$250,000 fine (or twice the gross gain or loss), and a \$100
mandatory special assessment.
- Counts 32-42:** 18 U.S.C. §§ 1343 and 2--**Wire Fraud; Aiding and Abetting**
(Foley and Daddona)
Maximum Penalties: 20 years imprisonment, 3 years supervised release;
\$250,000 fine (or twice the gross gain or loss), and a \$100
mandatory special assessment
- Count 43:** 18 U.S.C. §§ 1956(h)--**Conspiracy to Commit Money Laundering; Aiding and**
Abetting (Foley and Daddona)
Maximum Penalties: 10 years imprisonment, 3 years supervised release,
\$250,000 fine (or twice the amount of the criminally
derived property involved in the transaction), and a \$100

Δ/

mandatory special assessment

Counts 44-48: 18 U.S.C. §§ 1956(a)(1)(B)(i)–Money Laundering to Conceal Illegal Activity Aiding and Abetting (Foley and Daddona

Maximum Penalties: 20 years imprisonment, 3 years supervised release, \$500,00 fine (or twice the amount of the criminally derived property involved in the transaction), and a \$100 mandatory special assessment

Counts 49-53: 18 U.S.C. §§ 1957–Engaging In Money Laundering Transactions In Property Derived From Specified Unlawful Activity (Foley Only)

Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000 fine (or twice the amount of the criminally derived property involved in the transaction), and a \$100 mandatory special assessment.

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AO 257 (Rev. 6/78)

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

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA

OFFENSE CHARGED

SEE ATTACHMENT

- Petty
- Minor
- Misdemeanor
- Felony

PENALTY:

SEE ATTACHMENT

DEFENDANT - U.S.

FILED

MICHAEL DADDONA 2011 AUG 18 P 1:19

DISTRICT COURT NUMBER
CR09-00670

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
N.D. CALIF. - SAN JOSE

DEFENDANT

IS NOT IN CUSTODY

- 1) Has not been arrested, pending outcome this proceeding. 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)

NORTHERN DISTRICT OF CALIFORNIA

IS IN CUSTODY

- 4) On this charge
 - 5) On another conviction
 - 6) Awaiting trial on other charges } Fed'l State
- 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 Month/Day/Year

DATE TRANSFERRED TO U.S. CUSTODY

This report amends AO 257 previously submitted

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

S/A Gregory S. Fine -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 re prosecution of charges previously dismissed which were dismissed on motion of:

U.S. Att'y Defense

this prosecution relates to a pending case involving this same defendant

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

SHOW DOCKET NO.

MAGISTRATE CASE NO.

Name and Office of Person Furnishing Information on THIS FORM

MELINDA HAAG

U.S. Att'y Other U.S. Agency

Name of Asst. U.S. Att'y (if assigned)

RICHARD CHENG

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT Bail Amount: _____

If Summons, complete following:

Arraignment Initial Appearance

Defendant Address: _____

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

Date/Time: _____

Before Judge: _____

Comments: _____

DL

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Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000 fine, and a \$100 mandatory special assessment.
- Count 26:** 18 U.S.C. §§ 1832(a)(1)–Theft of Trade Secrets (Foley Only)
Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$5,000,000 fine, and a \$100 mandatory special assessment
- Counts 27-31:** 18 U.S.C. §§ 1341 and 2–Mail Fraud; Aiding and Abetting (Foley and Daddona)
Maximum Penalties: 20 years imprisonment, 3 years supervised release, \$250,000 fine (or twice the gross gain or loss), and a \$100 mandatory special assessment.
- Counts 32-42:** 18 U.S.C. §§ 1343 and 2–Wire Fraud; Aiding and Abetting (Foley and Daddona)
Maximum Penalties: 20 years imprisonment, 3 years supervised release; \$250,000 fine (or twice the gross gain or loss), and a \$100 mandatory special assessment
- Count 43:** 18 U.S.C. §§ 1956(h)–Conspiracy to Commit Money Laundering; Aiding and Abetting (Foley and Daddona)
Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000 fine (or twice the amount of the criminally derived property involved in the transaction), and a \$100

2

mandatory special assessment

Counts 44-48: 18 U.S.C. §§ 1956(a)(1)(B)(i)–Money Laundering to Conceal Illegal Activity Aiding and Abetting (Foley and Daddona

Maximum Penalties: 20 years imprisonment, 3 years supervised release, \$500,00 fine (or twice the amount of the criminally derived property involved in the transaction), and a \$100 mandatory special assessment

Counts 49-53: 18 U.S.C. §§ 1957–Engaging In Money Laundering Transactions In Property Derived From Specified Unlawful Activity (Foley Only)

Maximum Penalties: 10 years imprisonment, 3 years supervised release, \$250,000 fine (or twice the amount of the criminally derived property involved in the transaction), and a \$100 mandatory special assessment.

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