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2021R01282/JK

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. William J. Martini
	:	
v.	:	Crim. No. 26- 245
	:	
BRIAN NORMANN and	:	
ANTHONY WILLIAM ROSSI III	:	18 U.S.C. § 1349

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

Overview

Beginning in or around 2015, and continuing through in or around August 2020, defendants BRIAN NORMANN ("NORMANN") and ANTHONY WILLIAM ROSSI III ("ROSSI") engaged in a conspiracy to commit honest services fraud and wire fraud on NORMANN's former employer. As part of the conspiracy, ROSSI paid NORMANN approximately $6.7 million in kickbacks in exchange for NORMANN's funneling his then-employer's marketing and promotional work to GS Line, Inc. ("GS Line"), a marketing company that ROSSI controlled. Also as part of the conspiracy, NORMANN and ROSSI arranged for GS Line to receive payments from NORMANN's then-employer that were in excess of the actual amount of services that GS Line provided, or for services that GS Line never provided at all.

Individuals and Entities

1. At all times relevant to this Indictment, unless otherwise indicated:

a. Defendant NORMANN was a resident of Florida. From in or around August 2010 through in or around August 2020, NORMANN was an employee of U.S. subsidiaries of an international electronics manufacturer headquartered in Seoul, South Korea, with U.S. headquarters in Englewood Cliffs, New Jersey (collectively, the "Victim Company"). NORMANN began working for the Victim Company as a regional sales manager in or around 2010, and, from in or around 2015 until in or around July 2019, served as Head of Sales for the Victim Company's account with a certain telecommunications provider ("Telecommunications Company-1"). As a salaried, full-time employee of the Victim Company, NORMANN owed a duty of honest services to the Victim Company and was required to make business decisions that were in the Victim Company's best interests, without regard to his own personal gain, all of which he well knew.

b. Defendant ROSSI, together with his relative, controlled GS Line, a Florida corporation that ran marketing and promotional programs, with a principal place of business in Altamonte Springs, Florida (the "Altamonte Springs Address"). Between in or around 2014 through in or around 2020, GS Line provided marketing services to the Victim Company. ROSSI owned additional business entities, including RGI Marketing Group and RGI Mobility Solutions, which listed the same Altamonte Springs Address as their business address.

c. Pop-Up Intellectual Property Holdings, LLC ("PUIPH") was a Florida limited liability company formed on or about December 30, 2019, that listed the Altamonte Springs Address as its business address. NORMANN and ROSSI each held the title of Director of PUIPH and were members of PUIPH.

d. Hurley Marketing Services Inc. ("Hurley Marketing") was a company incorporated and located in Florida that was owned by NORMANN's relative but controlled largely by NORMANN. Hurley Marketing provided services to GS Line, including supplying GS Line with Victim Company electronic devices for its promotional programs.

e. Bank-1 was a financial holding company based in Lafayette, Louisiana, that provided consumer and commercial banking services. On or about July 2, 2020, Bank-1 merged with Bank-2, the banking subsidiary of a financial services company based in Memphis, Tennessee. In or around December 2019, NORMANN, ROSSI, GS Line, and PUIPH all held bank accounts at Bank-1.

f. Bank-3 was the banking subsidiary of an American financial corporation headquartered in Birmingham, Alabama.

g. Bank-4 was an American multinational banking institution headquartered in New York, New York, and incorporated in Delaware.

h. Individual-1, NORMANN's manager at the Victim Company between in or around 2015 and in or around 2019, was a resident of Washington.

i. Individual-2 was a resident of Washington who worked at Telecommunications Company-1 until in or around May 2016, when Individual-2 was hired to work at the Victim Company. From in or around May 2016 to in or around August 2019, Individual-2 reported directly to NORMANN. When NORMANN was transferred within the Victim Company to work on the account of another telecommunications provider in or around August 2019, Individual-2 assumed the role of Head of Sales for the Victim Company's Telecommunications Company-1 account.

j. Individual-3 was a resident of New York who worked for the Victim Company from in or around 2014 to in or around August 2020 and reported directly to NORMANN.

Background

2. At or around the time that NORMANN began working for the Victim Company in or around August 2010, NORMANN signed an acknowledgment form certifying that he had received and reviewed the Victim Company's employee handbook. The handbook included a provision that expressly prohibited Victim Company employees from engaging "in any outside employment or service that impairs his or her efficiency in performing [Victim] Company duties." The handbook further provided that "an employee may not work in any capacity for [...] another company that supplies goods or services to the [Victim] Company" and "may not perform any outside work during regular working hours" or "receive any income or material gain from individuals outside the [Victim] Company for material produced or services rendered while performing their jobs."

3. On or about August 13, 2010, NORMANN also completed and signed a Conflicts of Interest Statement in which he certified, among other things, that neither he nor any member of his immediate family: (i) had a business interest in a company

that did business with the Victim Company; (ii) had accepted a gift or payment of "more than nominal value" from an entity or representative of an entity with which the Victim Company does business; or (iii) had attended any outing or entertainment at the expense of any organization with which the Victim Company does business or a representative of such an organization that involved more than minimal cost. NORMANN signed the Conflicts of Interest Statement, which further provided, at the top in bold, that "All employees are required to complete this form annually and forward it to their Department Manager [...]".

4. In or around July 2019, when he was transferred within the Victim Company to work on a different account, NORMANN received an employment letter stating that his employment was subject to the policies and practices in the Victim Company's employee handbook, which had been revised to expressly prohibit Victim Company employees from receiving money or gifts from the Victim Company's vendors, and required that all employees avoid "any situation in which their loyalty may be divided."

5. The Victim Company contracted with various telecommunications providers, including Telecommunications Company-1, for those companies to market and sell mobile phones and other products manufactured by the Victim Company. The Victim Company allocated millions of dollars of marketing development funds, or "MDFs", to Telecommunications Company-1 for marketing and promotional expenses. Telecommunications Company-1 designated third-party vendors to run the marketing and promotional programs for the benefit of the Victim Company, but

those third-party vendors contracted directly with, and were paid directly by, the Victim Company.

6. In or around 2014, Telecommunications Company-1 designated GS Line to run its marketing and promotional activities associated with its MDFs. At or around that time, NORMANN—as part of his duties at the Victim Company—began working with ROSSI and entities owned or controlled by ROSSI, including GS Line, to provide marketing and promotional programs on behalf of and for the benefit of the Victim Company.

7. The Victim Company and GS Line signed individual agreements, called Requests for Support, or "RFSs," for various marketing and promotional programs. The Victim Company intended these programs, among other things, to encourage Telecommunications Company-1 employees to market the Victim Company's products to Telecommunications Company-1's customers. The programs included: phone rebates to Telecommunications Company-1 customers who purchased Victim Company phones; a Telecommunications Company-1 employee incentive program; and a mobile showroom program that involved parking cars outfitted in colorful branded wrapping outside Telecommunications Company-1 stores and other public locations to spur customer engagement and sales.

8. Pursuant to these RFSs, the Victim Company agreed to pay GS Line for marketing, promotional, and other services. Between in or around 2015 and in or around 2020, the Victim Company paid GS Line more than approximately $33.5 million for marketing and promotional programs.

9. NORMANN directly facilitated the engagement of GS Line to perform marketing and promotional programs for the benefit of the Victim Company, and the development and implementation of the promotional programs that GS Line contracted to provide to the Victim Company. NORMANN also directly facilitated the process by which GS Line received payments from the Victim Company by assisting with preparing the RFSs and invoices, which described the work GS Line performed for the Victim Company.

10. NORMANN improperly used his position at the Victim Company and his relationship with ROSSI and GS Line to funnel increasing amounts of marketing and promotional work to GS Line with little oversight or approval by Victim Company employees. Although RFSs for work performed by GS Line were typically signed or approved by Individual-1, NORMANN concealed from Individual-1 NORMANN's personal financial interest in the continued referral of the Victim Company's marketing business to GS Line.

The Conspiracy

11. From in or around approximately 2015 to in or around August 2020, in the District of New Jersey and elsewhere, the defendants,

BRIAN NORMANN and
ANTHONY WILLIAM ROSSI III,

did knowingly and intentionally conspire and agree with each other and with others to devise a scheme and artifice to defraud the Victim Company, including to deprive the Victim Company of its right to the honest services of NORMANN, and to obtain from the Victim Company money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to knowingly transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Sections 1346 and 1343.

Goal of the Conspiracy

12. The goal of the conspiracy was for NORMANN and ROSSI to enrich themselves by: (1) depriving the Victim Company of NORMANN's honest services as an employee and fiduciary, including through NORMANN's repeated referral of marketing and promotional work to GS Line in exchange for kickbacks GS Line paid to NORMANN without the Victim Company's knowledge or consent; and (2) fraudulently obtaining and using funds from the Victim Company by overbilling the Victim Company for services provided by GS Line, and by billing the Victim Company for services that neither GS Line nor ROSSI actually provided.

Manner and Means of the Conspiracy

13. It was part of the conspiracy that:

The Kickback and Fraudulent Overbilling Scheme

a. From in or around 2015 to in or around August 2020, NORMANN used his role at the Victim Company to funnel tens of millions of dollars of marketing and promotional work to GS Line. In exchange for NORMANN continuing to funnel marketing and promotional work to GS Line, ROSSI and NORMANN agreed that

NORMANN would receive a portion of the amounts paid by the Victim Company to GS Line as kickbacks.

b. NORMANN and ROSSI knowingly and intentionally deceived the Victim Company about, among other things: the nature and cost of the services GS Line provided; the use of Victim Company funds paid to GS Line; and NORMANN's role in funneling business to GS Line.

c. NORMANN prepared, or instructed GS Line personnel to prepare, misleading and false language for RFSs and invoices submitted to the Victim Company. For example, NORMANN, Individual-3, and others prepared RFSs and invoices that included false or misleading descriptions of promotional work that was purportedly performed by GS Line. In reality, and as NORMANN and ROSSI knew and intended, GS Line was fraudulently seeking reimbursement for amounts it paid to cover entertainment or other expenses incurred by NORMANN or Individual-3 without the knowledge or approval of the Victim Company.

d. NORMANN, ROSSI, and others designed their business dealings to conceal from the Victim Company NORMANN's involvement on both sides of the transactions between GS Line and the Victim Company, in violation of the duty of loyalty NORMANN owed to the Victim Company. For instance, NORMANN typically used his personal email accounts, and not his Victim Company email account, to correspond with GS Line personnel.

e. In some instances, GS Line received upfront "deposits" or program costs from the Victim Company that exceeded GS Line's actual expenditures on promotional programs by hundreds of thousands of dollars. Instead of returning the funds to the Victim Company, NORMANN, ROSSI, and others, including Individual-2, caused GS Line to retain the funds as "breakage" or "credit" amounts in "escrow." NORMANN and Individual-3 then used certain of these supposed "credit" or "breakage" funds to pay for entertainment and other expenses that they had incurred without authorization by the Victim Company and for which they thus could not bill the Victim Company.

f. NORMANN and ROSSI also knowingly and intentionally caused fraudulent and inflated invoices to be submitted to the Victim Company claiming payment for services that, as they well knew, cost less than the amounts billed to the Victim Company or that GS Line did not provide. For example:

i. As early as in or around January 2016, using his personal email account instead of his Victim Company email account, NORMANN directed ROSSI to apply a 20% profit "margin," also referred to as a "GS Line margin," to inflate expenses and other items billed to the Victim Company—but to not specify that additional charge on GS Line's invoices. Because GS Line's invoices did not denote the addition of the 20% profit margin, NORMANN and ROSSI concealed from the Victim Company that it was paying an additional 20% on top of the actual expenses or charges for which GS Line was billing.

ii. Between June 2019 and December 2019, at the request of NORMANN and Individual-3, GS Line made three payments totaling approximately $917,000 to a sporting events company that had arranged for NORMANN, Individual-3, and others at Telecommunications Company-1 and the Victim Company to attend sporting events. Because the Victim Company had not authorized these entertainment expenses, Individual-3 was unable to submit the sporting events company's invoices directly to the Victim Company for payment. At NORMANN's direction, Individual-3 then worked with GS Line to prepare RFSs and invoices that falsely made it appear as if GS Line had incurred the expenses as part of legitimate promotional services provided by GS Line to the Victim Company, when in fact GS Line had not been involved in these sporting events. The invoices were inflated to include additional amounts as GS Line's profit margin, even though GS Line had not actually provided any services to the Victim Company.

g. Certain promotional programs required GS Line to purchase the Victim Company's products, including cellphones. GS Line purchased some of these products from Hurley Marketing, which in turn had purchased the products from the Victim Company. Neither GS Line nor NORMANN disclosed to the Victim Company NORMANN's, or his relative's, interest in Hurley Marketing.

h. The total amount that GS Line received from the Victim Company each year increased substantially over the course of the conspiracy, from approximately $2.4 million in or around 2016 to approximately $10.87 million in or around 2019.

i. Even after ceasing work on the Telecommunications Company-1 account in or around July 2019, NORMANN continued to funnel Telecommunications Company-1 account marketing business to GS Line, and to prepare and cause to be prepared false and misleading RFSs and invoices submitted to the Victim Company.

j. As part of the conspiracy, NORMANN and ROSSI caused GS Line personnel to send electronic communications, including emails attaching falsified invoices, to Victim Company employees in New Jersey, resulting in interstate wires that transited through New Jersey.

<u>Distribution of the Kickback Payments to Normann</u>

k. MDFs the Victim Company paid to GS Line were transferred from the Victim Company's Bank-4 account to GS Line's Bank-3 account ending in 8332 (the "8332 Account"). In turn, those funds were transferred by GS Line personnel from the 8332 Account to GS Line's Bank-1 account ending in 6702 (the "6702 Account").

l. As of on or about December 23, 2019, the 6702 Account held approximately $12,392,000 in MDFs that the Victim Company had paid to GS Line for marketing and promotional services.

m. On or about December 30, 2019, NORMANN and ROSSI opened a Bank-1 account in the name of PUIPH (the "PUIPH Account"). NORMANN and ROSSI were each listed as Directors of PUIPH in the account opening documents. Even though NORMANN was employed by the Victim Company at the time they opened the PUIPH Account and continued to work for the Victim Company through in or around August 2020, NORMANN falsely listed himself as "self-employed" and did not otherwise reference the Victim Company in the account opening documents for the PUIPH Account.

n. On or about December 30, 2019, ROSSI's relative transferred approximately $12 million from the 6702 Account to the PUIPH Account.

o. Also on or about December 30, 2019, NORMANN and ROSSI caused $6 million in kickbacks (of the approximately $12 million in the PUIPH Account) to be transferred to NORMANN's Bank-1 personal account ending in 7145 (the "7145 Account"). The remaining $6 million was transferred to ROSSI's Bank-1 personal account ending in 9906 (the "9906 Account").

p. On or about June 29, 2020, ROSSI deposited a check in the amount of approximately $1.4 million drawn on the 6702 Account and signed by ROSSI into the PUIPH Account.

q. On or about August 4, 2020, ROSSI caused approximately $700,000 in kickbacks to be transferred to NORMANN's 7145 Account, and approximately $700,000 to be transferred to ROSSI's 9906 Account.

r. PUIPH tax returns for the tax year ending in 2019 falsely identified the approximately $13.4 million in transfers from GS Line as "rental income." GS Line's tax returns falsely identified the payment of approximately $13.4 million to PUIPH as "royalties." Both PUIPH's and GS Line's tax returns reflected that the approximately $13.4 million was either paid or received in 2019, even though approximately $1.4 million of the $13.4 million was not transferred from GS Line to PUIPH until on or about June 29, 2020.

s. The Victim Company was not aware of, and did not authorize or consent to, NORMANN's receipt of approximately $6.7 million in kickbacks paid by GS Line to NORMANN in or around 2019 and in or around 2020 through ROSSI.

t. NORMANN used the money he received from PUIPH to fund his lifestyle, including to purchase an approximately $2 million luxury property, and to fund his personal brokerage accounts.

u. NORMANN's receipt of kickback payments from ROSSI in exchange for the continued funneling of the Victim Company's marketing and promotional work to GS Line was in violation of both Victim Company policy and state law.

v. In or around 2020, the Victim Company commenced an audit of amounts paid to GS Line and, as part of the audit, questioned NORMANN about his conduct and relationships with GS Line and Hurley Marketing. NORMANN resigned from the Victim Company in or around August 2020, while the audit was still pending, after providing incomplete and/or misleading answers to only certain of the Victim Company's questions.

w. Even after NORMANN resigned, GS Line continued to demand that the Victim Company pay certain amounts GS Line claimed it was owed on marketing and promotional programs, including amounts paid at the direction of NORMANN and Individual-3. When the Victim Company inquired about the existence of a GS Line escrow account that held funds that the Victim Company had paid to GS Line in excess of actual marketing expenditures, GS Line, through its legal counsel, disclaimed the existence of an escrow account.

x. NORMANN directly breached his fiduciary duty of loyalty to the Victim Company when he (1) received kickbacks in exchange for funneling marketing and promotional work to GS Line through his employment at the Victim Company and (2) dealt on both sides of the transactions between GS Line and the Victim Company.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

Upon conviction of the offense charged in this Indictment, the defendants,

BRIAN NORMANN and
ANTHONY WILLIAM ROSSI III,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense charged in this Indictment, and all property traceable thereto.

SUBSTITUTE ASSETS PROVISION

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

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, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described in paragraph 1.

A TRUE BILL

[redacted]

FOREPERSON

[redacted]

ROBERT FRAZER
United States Attorney

Jennifer S. Kozar
Assistant U.S. Attorney

Approved by:

Elaine K. Lou
Chief, Criminal Division

CASE NUMBER: 26-cr- 245 (WJM)

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

BRIAN NORMANN and
ANTHONY WILLIAM ROSSI III

INDICTMENT FOR

18 U.S.C. § 1349

[redacted]

Foreperson

[redacted]

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