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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

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UNITED STATES OF AMERICA

Mag. No. 16- **3662(MF)**

v.

Hon.

SERGEY KAPUSTIN

**CRIMINAL COMPLAINT**

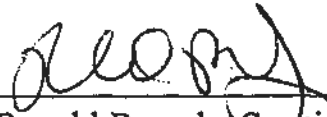
I, RONALD PASCALE, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.

  
\_\_\_\_\_  
Ronald Pascale, Special Agent  
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,  
On December 22, 2016, at Essex County, New Jersey

  
\_\_\_\_\_  
HONORABLE MARK FALK  
UNITED STATES MAGISTRATE JUDGE

**ATTACHMENT A**

From in or about September 2009 through in or about October 2014, in  
Districts of New Jersey, Pennsylvania and elsewhere, the defendant,

**SERGEY KAPUSTIN**

did knowingly and intentionally conspire and agree with others to devise a  
scheme and artifice to defraud customers of his auto dealerships, namely  
Global Auto Group, G Auto and others, and to obtain 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 cause  
to be transmitted by means of wire communications in interstate and foreign  
commerce, writings, signs, signals, pictures and sounds, for the purpose of  
executing the scheme; that is to steal approximately two million dollars  
(\$2,000,000) by failing to deliver vehicles which had been paid for in full by  
purchasers, contrary to Title 18, United States Code, Section 1343.

In violation of Title, 18 United States Code, Section 1349

## **ATTACHMENT B**

I, Ronald Pascale, am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have knowledge of the following facts based upon both my investigation and discussions with civilian witnesses, law enforcement personnel and other individuals. Because this affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known to the government concerning this matter. Where statements of others are set forth herein, these statements are related in substance and in part. Where I assert that an event took place on a particular time or date, I am asserting that it took place on or about the time or date alleged.

### **Background**

1. At all times relevant to this Complaint:

a. Defendant SERGEY KAPUSTIN (hereinafter KAPUSTIN) was resident of Warminster, Pa., and the owner and President of Global Auto Group ("GLOBAL"), G Auto Sales, Effect Auto Sales. Global Auto, and its derivative auto dealerships, are located in Elizabeth, New Jersey.

b. Global bought and sold used cars, typically high-end vehicles, identified by the classification as "salvaged". The customer base for KAPUSTIN's fraudulent sales was typically in Russia, Ukraine and other members of the former Soviet Republic.

**DEFENDANT KAPUSTIN'S FRAUDULENT ACTIVITY**

**THE SCHEME**

2. From in or about January 2011 through at least December 2014, KAPUSTIN conducted his auto business through a wide-ranging and deliberate scheme to defraud purchasers located in Russia, Ukraine and elsewhere. Many of the victims of this fraud have been interviewed in person here in the United States, and several have given testimony in a federal grand jury in Newark. Victims, after viewing Kapustin's Russian language website, would purchase what they saw and believed were high end vehicles from KAPUSTIN and his companies, including Global Auto, Inc., Effect Auto Sales, Inc., G-Auto Sales, Inc., Global Cars, Inc. and SK Imports. KAPUSTIN was himself Russian and his websites were geared typically to buyers who would put their trust in a fellow countryman to follow through on a deal once the purchase price had been paid. The victims were routinely told, either by way of the internet or by telephone, that their cars would be shipped to Kotka, Finland once the full price had been paid. In order to further entice the buyers, the vehicles offered were normally priced below market value. The buyers, believing they were receiving a "good deal" from a reputable dealer, and from a fellow countryman, would wire the full price to the United States to bank accounts controlled by KAPUSTIN.

3. Simply put, the fraud consisted of a litany of false and fraudulent representations by KAPUSTIN, or one of his employees, as to ownership of the cars purchased, their condition, and reasons for the delay in delivery, as well as excuses for his refusal to refund their purchase prices. Unbeknownst to the victims, KAPUSTIN more often than not had neither possession of, nor title to the vehicles being sold. Indeed, even after full price would be paid, the same car oftentimes would remain on the KAPUSTIN website, causing the buyers

additional anxiety. At some point after the excuses became untenable, the victim would be offered a different, often inferior car, burdened with added shipping and storage costs. The unsophisticated buyer, desperate to acquire something for money already spent, would oftentimes wire even additional funding to rescue the car from its storage, all to no avail.

4. Even if these spurious additional charges had been paid, the cars never materialized. Those very few cars that did land in Kotka were normally the product of salvage auctions for vehicles that had been immersed in or flooded with salt water, as had occurred to hundreds of vehicles during Hurricane Sandy. When viewed online, or even in person, they would appear to be in excellent condition, yet were inoperable and thus unsalvageable. As many as one hundred and forty five (145) buyers were victimized by KAPUSTIN's scheme to defraud, and those who have been interviewed all tell comparable stories. Refunds, however small, were few and far in between. Only a handful of buyers were able to recover a fraction of their money. In most instances, their losses were total; most cars were priced between \$20,000 and \$50,000.

#### **MANNER and MEANS**

5. **Victim 1** has attested that, in or about January 2013, he\she searched the internet and found the GLOBAL Auto website: (a) on January 13, 2013, Victim 1 spoke with a KAPUSTIN employee at GLOBAL about the purchase of a Lexus; (b) based upon his representations, on January 22, 2013, Victim 1 wired \$36,900, the full purchase price for the Lexus, from his bank in Russia to a GLOBAL bank account in the United States; (c) unbeknownst to Victim 1, the vehicle had been auctioned to another purchaser; (d) KAPUSTIN had neither possession, nor title to the car; (e) between February 5<sup>th</sup> and 12<sup>th</sup>, 2013, Victim 1 called repeatedly from Russia to GLOBAL seeking information, yet was given multiple excuses why the car was unavailable; (f) Victim 1 spoke to employees of GLOBAL and to KAPUSTIN directly, who mocked her attempts

to secure a refund, and advised that none would be forthcoming; and, (g) no refund was recovered from Victim 1.

6. **Victim 2** has attested that, in or about November 2012, he\she searched the internet and found KAPUSTIN's GLOBAL Auto website: (a) Victim 2 intended to purchase a Toyota Venza; (b) Victim 2 was told by a KAPUSTIN employee that the car would be shipped to Kotka, Finland, after full price was paid; (c) on November 6, 2012, Victim 2 wired \$16,920 from his bank in Russia to KAPUSTIN's GLOBAL Auto's bank account in the United States, in full payment for the Venza; (d) within a week, Victim 2 received an email from a GLOBAL employee that the car had been damaged in Hurricane Sandy and that another vehicle, same make and model, was available for an additional fee of \$6000; (e) on November 14, 2012, Victim 2 wired the additional \$6000 from his Russian bank account to KAPUSTIN's GLOBAL bank account in the United States for the replacement Venza; (f) in December 2012, KAPUSTIN told Victim 2 that the car was in Kotka, Finland but couldn't be released, and Victim 2 was told to call CarCont, Ltd in Kotka for an explanation; (g) CarCont, Ltd. refused to release the car, without significant additional charges; (h) unable to determine if his\her car in fact was in Kotka, Victim 2 sought, but was refused, a refund of the \$22,920 purchase price.

7. **Victim 3** has testified, under oath, that, in or about November 2013, he\she searched the internet and found KAPUSTIN's GLOBAL website: (a) Victim 3 spoke to an employee at GLOBAL, about a Mercedes Benz #1 purportedly owned by GLOBAL; (b) On November 13, 2013 Victim 2 wired \$39,900 from his bank account in Russia into KAPUSTIN's GLOBAL's bank account, in the United States, in full payment for the vehicle; (c) KAPUSTIN's employee convinced Victim 3 to purchase Mercedes Benz #2, so that two cars could be shipped in a single unit; (d) on November 29, 2013 Victim 3 wired an additional \$11,470 from his\her bank account in Russia to KAPUSTIN's GLOBAL bank account in the United States, in partial payment for Mercedes

Benz #2; (e) in February 2014, Victim 3 was advised that Mercedes Benz #1 was unavailable and Victim 3 was asked to accept a substitute; (f) unbeknownst to Victim 3, Mercedes Benz #1 had been declared unsalvageable on November 13, 2013 before Victim#3 had paid full price; (g) furthermore, KAPUSTIN never had title to Mercedes #2, for which Victim 3 made partial payment; (h) Victim 3 was asked by KAPUSTIN's employee to transfer the total amount of his \$51,390 toward a newer Mercedes Benz 3, to which Victim 3 ultimately agreed; (i) Mercedes Benz 3 was never delivered; (i) over the next few months into the Spring of 2014, Victim 3 spoke repeatedly to KASPUTIN and another employee about a refund, but KAPUSTIN refused; (i) to intimidate Victim 3 into abandoning any civil action, KAPUSTIN threatened his own civil charges against Victim 3, which he claimed would cost Victim 3 even more money, than he had already paid. (j) KAPUSTIN bragged that he knew how to use the court system here in the United States to his advantage.

8. In addition to the testimony by several defrauded buyers, the grand jury, pursuant to subpoenas, has recovered additional documents which underscore the fraud; such as Carfax reports on cars offered for sale by KAPUSTIN. CARFAX<sup>1</sup> reported at most, if not all, of the vehicles purchased by the overseas victims were vehicles for which KAPUSTIN did not have possession or title, and therefore had no ability to deliver, even if operable. Furthermore, many of the advertised vehicles were revealed to be branded with salvage title.<sup>2</sup> In respect to those few vehicles for which KAPUSTIN actually had title, those vehicles had already been sold in the United States. Bank records from KAPUSTIN accounts, beginning as early as January 2009, reflect wire transfers from dozens of victims, and the absence of any apparent refunds.

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<sup>1</sup> CARFAX, Inc. is a commercial website ([www.carfax.com](http://www.carfax.com)) that provides vehicle history reports based on a vehicle's unique identification number, or VIN.

<sup>2</sup> "Salvage Title" is a form of vehicle branding denoting that the vehicle is a total loss or severely damaged by an insurance company. A salvage title is issued when a car is written off as a total loss by an insurance company.

9. Based upon my training and experience, the statement of victims, and as a result of conspiratorial actions and inactions, false representations and outright lies of KAPUSTIN and his coconspirators, including those described above, it is my conclusion that defendant KAPUSTIN, and others were unable to provide either the cars, or the titles to the cars, for which victims made payment and hence has committed wire fraud, pursuant to Title 18, United States Code, sections 1343 and 1349.