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UNITED STATES DISTRICT COURT
 DISTRICT OF NEVADA

-oOo-

UNITED STATES OF AMERICA,

Plaintiff,

v.

ROSANNE DAY,
 ROBERT PAUL DAVIS,
 GENEVIEVE RENEE FRAPPIER,
 and MILES KELLY,

Defendants.

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CRIMINAL INDICTMENT

Case No. 2:19-cr- 155

VIOLATIONS:

Conspiracy to Commit Mail and Wire
 Fraud 18 U.S.C. § 1349

Mail Fraud 18 U.S.C. § 1341

Wire Fraud 18 U.S.C. § 1343

Conspiracy to Commit Money Laundering
 18 U.S.C. §§ 1956(a)(2)(A) and 1956(h)

Aiding and Abetting 18 U.S.C. § 2

At times material to this Indictment:

Introductory Allegations

1. PacNet Services Ltd. ("PacNet") was incorporated in British Columbia, Canada. PacNet's headquarters was in Vancouver, British Columbia, Canada, and it also had an office in Shannon, Ireland. PacNet was in operation from in or around 1994 until in or around September 22, 2016. Until 2008, PacNet was named Pacific Network Services Ltd.

2. Defendant **ROSANNE DAY** was the founder, a part-owner, and the managing director of PacNet, and was the person in charge of PacNet's headquarters in Vancouver from in or around 1994 until in or around September 2016.

3. Defendant **ROBERT PAUL DAVIS** was a part-owner of PacNet and was in charge of PacNet's office in Ireland from in or around 2001 until in or around September 2016. **DAVIS** identified himself as PacNet's general counsel, even though he was not licensed to practice law.

4. Defendant **GENEVIEVE RENEE FRAPPIER** was the director of marketing and client services for PacNet. **FRAPPIER** was in charge of PacNet's Marketing Department and Client Services Department from in or around 1998 until in or around September 2016.

5. Defendant **MILES KELLY** was the chief corporate compliance and anti-money laundering officer for PacNet. **KELLY** was in charge of PacNet's Compliance Department from in or around 2009 until in or around September 2016.

6. PacNet was a payment processor. PacNet's clients included businesses and other entities in the United States and throughout the world.

7. Clients relayed to PacNet the checks, cash, money orders, and credit card transactions received from their customers. PacNet deposited those payments in its bank accounts and distributed the funds at the direction of its clients.

8. Clients that solicited payments from consumers by sending massive volumes of mail (hereinafter "mass-mail clients") made up a significant part of PacNet's processing

1 business. During the last five years it was in operation, PacNet processed on average more
2 than \$100 million per year in checks and credit card payments from United States'
3 consumers to mass-mail clients. The total amount of money that PacNet processed for
4 mass-mail clients, including cash from United States consumers and payments of all kinds
5 from consumers outside of the United States, was considerably higher.

6 9. PacNet's mass-mail clients included companies that sent notifications
7 intended to mislead the consumers into believing they would receive a large amount of
8 money, a valuable prize, or specialized psychic services upon payment of a fee to the
9 companies.

10 10. Many victims of PacNet's fraudulent mass-mail clients were elderly or
11 otherwise vulnerable. Many victims were inundated with fraudulent notifications and were
12 defrauded multiple times. Some elderly victims spent hundreds to thousands of dollars
13 responding to fraudulent notifications before a family member or a victim's bank detected
14 the fraud and worked to prevent additional losses.

15 11. PacNet was the payment processor of choice for fraudulent mass-mailers in
16 the United States and around the world. Banks generally would not do business directly
17 with fraudulent mass-mailers. PacNet thus served as a vital link between fraudulent mass-
18 mail clients and banks, enabling the fraudulent mass-mail clients to profit from their
19 criminal schemes by moving their money through the banking system undetected. PacNet
20 processed tens of millions of dollars per year in payments from United States victims to
21 fraudulent mass-mail clients.

22 12. For more than two decades, PacNet processed payments for mass-mail clients
23 that its top management, including defendants **ROSANNE DAY, ROBERT PAUL**
24 **DAVIS, GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY**, knew had been
25 induced by fraudulent notifications that were designed to mislead victims into falsely
26 believing they had won a prize or would receive something of value in exchange for their
27 payments.
28

COUNT 1
CONSPIRACY TO COMMIT MAIL AND WIRE FRAUD
18 U.S.C. § 1349

13. Paragraphs 1-12 of this Indictment are hereby realleged and incorporated herein by reference.

14. Beginning in or around March 1994 and continuing through on or about September 22, 2016, in the District of Nevada and elsewhere, defendants

ROSANNE DAY,
ROBERT PAUL DAVIS,
GENEVIEVE RENEE FRAPPIER, and
MILES KELLY

did knowingly and willfully combine, conspire, confederate, and agree with each other and with others known and unknown to the grand jury to commit mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343.

The Object of the Conspiracy

15. The object of the conspiracy was for defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE RENEE FRAPPIER, MILES KELLY**, the operators of fraudulent PacNet mass-mail clients, and other co-conspirators to enrich themselves by causing victims to send payments in response to materially misleading notifications, depositing those fraudulently obtained payments into bank accounts, and then distributing those payments to themselves and others.

The Manner and Means of the Conspiracy

Mass-Mail Clients

16. Defendant **ROSANNE DAY** founded PacNet in 1994 to enable mass-mail clients, including fraudulent mass-mail clients, to access the banking system. Over the next 22 years, PacNet's client base diversified to include other clients, such as payday lenders, magazine subscriptions, charities, and "e-commerce" merchants that sold dietary supplements and other purported health products on internet websites. At all times, fraudulent mass-mail clients remained at the core of PacNet's business and comprised a substantial part of its business.

1 17. PacNet's fraudulent mass-mail clients mailed fraudulent prize and psychic
2 notifications to consumers in the United States and other countries. Throughout at least the
3 last five years that PacNet was in operation, PacNet's mass-mail clients collectively mailed
4 more than one million fraudulent notifications on average to United States consumers every
5 week.

6 18. The fraudulent mass-mail clients generally hired outside printing companies
7 ("printers") to produce the false prize and psychic notifications. At the direction of the
8 fraudulent mass-mail clients, the printers used a template to send identical notifications to
9 thousands of recipients, but the notifications were personalized to give the false impression
10 that they were unique to each recipient.

11 19. The fraudulent prize notifications were intended to mislead their recipients
12 into believing they had won something of value, such as a large amount of money or a
13 luxury vehicle, when they had not.

14 20. The fraudulent prize notifications were made to appear as if they came from
15 sophisticated businesses with employees, offices, and organizational structures. The
16 notifications referred to departments with official-sounding names, such as "Claims
17 Division" and "Payment Verification Committee." The notifications purported to be signed
18 by a person with an official title, such as "Financial Director" and "Director, Monetary
19 Disbursement Associates." In fact, none of these departments or people actually existed.

20 21. The fraudulent psychic notifications were intended to mislead the recipients
21 into believing they would receive individualized services and objects that would result in
22 great fortune, when they would not.

23 22. The fraudulent prize and psychic notifications misled the recipients to believe
24 that the prize or psychic services would be delivered once the recipient paid a fee, typically
25 \$20 to \$50.

26 23. Victims who paid the fees never received the prizes they thought they had
27 won or the personalized psychic services they thought they would receive.
28

1 24. The back of the prize notifications and the side of the psychic notifications
2 typically contained disclaimers that did not correct the false and misleading statements
3 contained in the notifications.

4 25. The individuals who operated the PacNet's fraudulent mass-mail clients hid
5 their identities by creating shell companies that listed as the owner someone who was not
6 actually involved in controlling the companies. The same individual – or group of
7 individuals – oftentimes controlled multiple shell companies that processed payments
8 through PacNet. Defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE**
9 **RENEE FRAPPIER**, and **MILES KELLY** usually knew the identities of the individuals
10 who actually operated the fraudulent mass-mail clients – including through engagement
11 with those individuals at annual “networking” conferences sponsored by PacNet from 2012
12 to 2016 at resorts in Whistler, British Columbia, Canada; Marbella, Spain; and Gibraltar..
13 **DAY, DAVIS, FRAPPIER**, and **KELLY** also usually knew when the same individual or
14 group of individuals controlled multiple shell companies that processed payments through
15 PacNet.

16 26. To further hide their identities, the fraudulent mass-mail clients did not send
17 their false notifications to consumer recipients in the names of their controlled shell
18 companies, but rather did so in the names of other fictitious entities, such as “Accounting
19 Assessment Department.” Defendants **ROSANNE DAY, ROBERT PAUL DAVIS,**
20 **GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** knew that a single shell company
21 often mailed many different fraudulent notifications, each with a unique payee name. The
22 payee name for the fraudulent prize notifications was usually a 3- or 4-letter acronym, such
23 as “AAD” or “MACV.”
24
25
26
27
28

Caging Services

27. The fraudulent mass-mail clients hired "caging services" to open the mail sent in response to their notifications. Caging services were located in the United States, the Netherlands, and other countries.

28. The caging services removed payments from the mail and conveyed the payments to PacNet.

29. Defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, and **GENEVIEVE RENEE FRAPPIER** worked closely with caging services and sometimes referred fraudulent mass-mail clients to certain caging services.

30. From in or around 2001 until June 2008, defendant **ROBERT PAUL DAVIS** operated a caging service (hereinafter "the Ireland caging service") that for most of that time was located in the same building as PacNet's offices in Shannon, Ireland. Defendants **ROSANNE DAY** and **GENEVIEVE RENEE FRAPPIER** each visited the Ireland caging service and **DAY** suggested to PacNet's mass-mail clients that they use the Ireland caging service.

31. Certain PacNet mass-mail clients directed consumers to mail their payments to post office boxes that defendant **ROBERT PAUL DAVIS** opened in Ireland and the United Kingdom.

32. Defendant **ROBERT PAUL DAVIS** hired an individual to collect and sort the mail received at the post office boxes in the United Kingdom. At times **DAVIS**, who had a pilot's license, flew an airplane owned by PacNet to the United Kingdom to pick up the mail and flew back to Ireland with the mail. At other times **DAVIS** arranged for another pilot to fly the PacNet airplane to the United Kingdom to pick up the mail and fly back to Ireland with the mail. Later **DAVIS** hired a courier to pick up the mail in the United Kingdom and transport it to the Ireland caging service.

33. Defendant **ROBERT PAUL DAVIS** directed employees at the Ireland caging service to open the mail, remove the payments, and deliver the payments to PacNet.

1 34. On or about June 11, 2008, defendant **ROBERT PAUL DAVIS** abruptly
2 closed the Ireland caging service after learning that law enforcement authorities in the
3 United Kingdom had executed a search warrant at the business and home of the individual
4 whom **DAVIS** had hired to collect and sort the mail from the post office boxes that **DAVIS**
5 had opened in the United Kingdom.

6 35. On several occasions defendant **ROBERT PAUL DAVIS** flew the PacNet
7 airplane to pick up cash for a fraudulent PacNet mass-mail client (hereinafter "MMC-1")
8 from a caging service in the Netherlands and then flew back to Ireland with the cash. For
9 example, on or about May 15, 2012, **DAVIS** collected more than \$40,000 in U.S. dollars
10 and more than \$20,000 in Canadian dollars for MMC-1 from a caging service in the
11 Netherlands.

12 36. On other occasions another pilot flew the PacNet airplane from Ireland to
13 pick up cash for PacNet fraudulent mass-mail clients from caging services located in
14 continental Europe. Defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**,
15 **GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** knew about the cash pickups.

16 *PacNet Processed Payments Its Mass-Mail Clients Received.*

17 37. PacNet was the middleman between its mass-mail clients and banks.

18 38. For a check from a United States consumer to a PacNet mass-mail client,
19 PacNet used a bank in the United States to withdraw the funds from the consumer's bank
20 account.

21 39. For a money order from a United States consumer to a PacNet mass-mail
22 client, PacNet used a bank in the United States to obtain the funds from the money order
23 issuer's bank.

24 40. For a credit card payment by a United States consumer to a PacNet mass-
25 mail client, PacNet used a credit card processor in Ireland to obtain the funds from the
26 consumer's credit card company.

27 41. For a cash payment by a United States consumer to a PacNet mass-mail
28 client, PacNet arranged for the caging services to ship the cash to Accu-Rate Corporation

1 (“Accu-Rate”), which paid PacNet for the cash. Accu-Rate was a currency exchange
 2 company located in Ottawa, Ontario, Canada, which originally was owned by defendant
 3 **ROBERT PAUL DAVIS**, later was owned by PacNet, and later still was owned by **DAY**,
 4 **DAVIS**, and others. An individual who lived in the Vancouver area and was involved in
 5 operating a fraudulent PacNet mass-mail client (hereinafter “MMC-2”) at times delivered
 6 cash directly to defendant **ROSANNE DAY** at PacNet’s Vancouver office.

7 42. PacNet’s accounting system kept track of how much money PacNet
 8 processed for each mass-mail client. PacNet distributed the money as directed by the client.
 9 For example, a client could direct PacNet to transfer money to the client’s bank, give cash to
 10 the client, or pay the client’s printer, the client’s supplier of lists of addresses, and other
 11 entities involved in the mass-mailing fraud scheme.

12 43. PacNet charged its clients a fee for processing. The fee was a small percentage
 13 of the amount of money that PacNet processed and varied from client to client. PacNet’s
 14 profits came from those fees.

15 44. PacNet was highly profitable. From 2013 to 2015 – the last three full years
 16 that PacNet was in operation – PacNet paid in salary and bonus a total in Canadian dollars
 17 of approximately \$15 million to defendant **ROSANNE DAY**, \$15 million to defendant
 18 **ROBERT PAUL DAVIS**, \$800,000 to defendant **GENEVIEVE RENEE FRAPPIER**, and
 19 \$650,000 to defendant **MILES KELLY**.

20 *Defendants Approved Mass-Mail Clients’ Fraudulent Notifications and Processed Victim*
 21 *Payments.*

22 45. PacNet generally processed payments only for payee names it had approved,
 23 and PacNet generally approved payee names only after it had reviewed and approved mass-
 24 mail clients’ proposed notifications associated with those payee names.

25 46. Defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, and **GENEVIEVE**
 26 **RENEE FRAPPIER** established and oversaw a Compliance Department to create the
 27 appearance for banks and regulators that PacNet had a system in place to detect and prevent
 28 fraud and money laundering. Defendant **MILES KELLY** was in charge of PacNet’s

1 Compliance Department from the time he joined PacNet in 2009 until PacNet ceased
2 operations in or around September 2016. The Compliance Department ultimately answered
3 to **DAY**.

4 47. Among other things, PacNet's Compliance Department was supposed to
5 review and approve mass-mail clients' proposed notifications before PacNet processed
6 payments received in response to those notifications.

7 48. The mass-mail clients referred to in this indictment as "MMC-1" through
8 "MMC-12" were fraudulent PacNet mass-mail clients. Defendants **ROSANNE DAY**,
9 **ROBERT PAUL DAVIS**, **GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** knew
10 that MMC-1 through MMC-12 obtained payments from victims through fraudulent
11 notifications. **DAY**, **DAVIS**, **FRAPPIER**, and **KELLY** were responsible for PacNet's
12 processing of victim payments made in response to fraudulent notifications sent by MMC-1
13 through MMC-12 – processing that in some instances **DAY**, **DAVIS**, **FRAPPIER**, and
14 **KELLY** approved in violation of PacNet's written compliance procedures and despite
15 warnings from Compliance Department employees.

16 49. By agreeing to process payments for fraudulent notifications sent by MMC-1
17 through MMC-12, defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, **GENEVIEVE**
18 **RENEE FRAPPIER**, and **MILES KELLY** caused MMC-1 through MMC-12 to send the
19 fraudulent notifications. MMC-1 through MMC-12 would not have mailed the fraudulent
20 notifications if they had been unable to move the resulting, fraudulently-induced victim
21 payments through PacNet into the banking system.

22 *Defendants Accepted Fraudulent New Clients Despite Warnings*
23 *from Compliance Department Employees.*

24 50. Defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, **GENEVIEVE**
25 **RENEE FRAPPIER**, and **MILES KELLY** approved processing payments for new clients
26 about which Compliance Department employees had expressed reservations.

27 51. For example, on or about July 11, 2014, a PacNet employee informed
28 defendant **GENEVIEVE RENEE FRAPPIER** that a Compliance Department employee

1 did "not feel comfortable" proceeding with the application of a new mass-mail client
2 (hereinafter "MMC-3") due to MMC-3's owners "known/perceived affiliation" with two
3 individuals who had been sentenced to prison after pleading guilty in the United States to a
4 federal conspiracy charge related to the mailing of fraudulent notifications. The Compliance
5 Department employee forwarded the email exchange to defendant **MILES KELLY**.

6 52. On or about August 14, 2014, defendants **GENEVIEVE RENEE**
7 **FRAPPIER** and **MILES KELLY** approved accepting MMC-3 as a mass-mail client.

8 53. On or about September 2, 2014, defendant **ROSANNE DAY** accepted
9 MMC-3 as a mass-mail client.

10 54. PacNet subsequently approved fraudulent prize notifications that MMC-3
11 submitted to PacNet for review.

12 55. On or about November 25, 2014, a United States bank notified defendant
13 **ROSANNE DAY** that it had received a complaint from someone "whose mother is
14 suffering from dementia" and had been enticed to send "numerous checks" to various
15 companies. **DAY** determined that PacNet had processed payments from the mother to three
16 mass-mail clients, including MMC-3, another fraudulent mass-mail client operated by the
17 same individuals who operated MMC-3, and a third mass-mail client (hereinafter "MMC-
18 4") operated by other individuals.

19 56. Despite the Compliance Department employee's warning, MMC-3's
20 submission of fraudulent notifications, and the complaint forwarded by the bank, PacNet
21 continued to process payments for MMC-3 until in or around September 2016, and
22 processed a total of approximately \$1.5 million in payments for MMC-3 from in or around
23 September 2014 until in or around September 2016.

24 ***Defendants Approved Processing Payments for Notifications PacNet's Compliance Department***
25 ***Had Not Received.***

26 57. Although PacNet's policies required mass-mail clients to submit sample
27 notifications to PacNet for review, in some instances, defendants **ROSANNE DAY**,
28 **ROBERT PAUL DAVIS**, **GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY**

1 approved processing payments for fraudulent mass-mail clients that had not sent their
2 notifications to PacNet's Compliance Department.

3 58. For example, on or about February 7, 2014, defendant **GENEVIEVE**
4 **RENEE FRAPPIER** approved processing more than 200 checks written in response to a
5 fraudulent psychic notification that MMC-5 had not provided to PacNet for review. PacNet
6 processed more than \$50,000 in payments resulting from this notification from in or around
7 February 2014 until in or around June 2015.

8 *Defendants Approved Processing Payments for Fraudulent Notifications.*

9 59. Defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, **GENEVIEVE**
10 **RENEE FRAPPIER**, and **MILES KELLY** approved processing payments made for
11 fraudulent notifications that PacNet reviewed and approved.

12 60. PacNet approved some fraudulent notifications without requiring any
13 revisions. These fraudulent notifications either contained facially false statements or were
14 obviously misleading because they promised personalized prizes or psychic services despite
15 being intended for distribution to thousands of consumers.

16 61. PacNet approved some fraudulent notifications after requiring insignificant
17 revisions.

18 62. PacNet approved some fraudulent notifications after requiring significant
19 revisions. After going through PacNet's review process, these notifications became less
20 fraudulent, but were still fraudulent.

21 63. PacNet asked some mass-mail clients to make significant revisions to their
22 notifications to make those notifications less fraudulent, but then approved the notifications
23 when the mass-mail clients refused to make the revisions.

24 64. Defendant **GENEVIEVE RENEE FRAPPIER** sometimes overruled
25 notification revisions that PacNet Compliance Department employees wanted to require.

Defendants Approved the Continued Processing of Payments for Clients That Sent Different Notifications than PacNet Approved.

65. Defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** condoned PacNet's continued processing of payments for fraudulent mass-mail clients that sent notifications that were even more misleading than the versions PacNet had approved.

66. For example, on or about July 14, 2014, a PacNet Compliance Department employee recommended to defendant **MILES KELLY** that PacNet potentially stop processing payments for a psychic notification sent by MMC-6 because complaints online made it "quite clear" that, in France, MMC-6 was "not sending the pieces that Compliance has reviewed." Nonetheless, on or about August 1, 2014, **KELLY** approved processing payments for MMC-6 in the United States, Canada, and the United Kingdom. PacNet processed U.S. payments for the fraudulent psychic notification until in or around February 2015 and continued to process payments from other countries until in or around September 2016.

67. As another example, on or about February 24, 2015, a PacNet Compliance Department employee recommended to defendant **MILES KELLY** that PacNet stop processing payments for multiple notifications sent by MMC-7 because complaints online showed that the notifications were "unacceptable" and "not what Compliance approved." The Compliance Department employee's email noted that some of the notifications were listed on "scam pages" of the Australian and New Zealand governments. PacNet continued to process a large number of payments for these and other fraudulent notifications sent by MMC-7 until in or around June 2016 and continued to process a small number of payments until in or around September 2016.

Repeated Inquiries from Law Enforcement and Regulators Put Defendants on Notice that PacNet Mass-Mail Clients Were Engaged in Fraud.

68. Inquiries from law enforcement authorities and regulators made defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** aware that PacNet's mass-mail clients were engaged in fraud.

69. Beginning in or around 1996, law enforcement authorities interviewed defendant **ROSANNE DAY** at least 13 different times about certain caging services and PacNet mass-mail clients. During an interview on or about April 7, 1998, a United States law enforcement officer told **DAY** that she and PacNet were assisting in a money laundering operation.

70. In or around 2001 and 2007, Canadian law enforcement authorities executed search warrants at PacNet's Vancouver headquarters in connection with investigations of PacNet mass-mail clients.

71. In or around 2007, Irish law enforcement authorities interviewed defendant **ROBERT PAUL DAVIS** at least twice about MMC-8, a mass-mail company that was using the Ireland caging service for caging services and PacNet for payment processing.

72. From in or around February 2007 until in or around November 2015, defendant **ROSANNE DAY** became aware of eight separate civil lawsuits in which the U.S. Department of Justice or the U.S. Federal Trade Commission accused PacNet mass-mail clients of deceptive acts.

73. On or about June 1, 2016, the United States filed a civil complaint that alleged that two caging services in the Netherlands provided services to mail fraud schemes that targeted elderly and vulnerable victims. The complaint attached multiple notifications as exhibits. On or about June 3, 2016, in an email message approved by defendants **ROSANNE DAY** and **GENEVIEVE RENEE FRAPPIER**, a PacNet employee notified clients whose notifications had been attached as exhibits to the United States' complaint against the caging services that processing for those notifications was "disabled for now, but we will continue with business as usual for your other approved payee names."

Multiple Complaints from Victims' Family Members, Banks, and Law Enforcement Put Defendants on Notice that PacNet Mass-Mail Clients Were Engaged in Fraud.

74. Complaints from victims' family members, banks, and law enforcement authorities made defendants **ROSANNE DAY**, **ROBERT PAUL DAVIS**, **GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** aware that PacNet's mass-mail clients

1 defrauded elderly people who suffered from dementia or other cognitive diseases that impair
2 rational decision-making.

3 75. For example, on or about August 26, 2013, a United States bank told
4 defendant **ROSANNE DAY** that PacNet had processed multiple checks written to a PacNet
5 mass-mail client by "a senior in a nursing home battling Alzheimer's and Dementia. He was
6 led to believe he had won millions of dollars and all he had to do was send in a check to
7 collect his winnings. He was not mentally capable of making a clear decision."

8 76. On or about October 18, 2013, a United States bank told defendant
9 **ROSANNE DAY** that it had received a complaint from an individual whose 90-year-old
10 brother-in-law "was being manipulated into sending multiple checks for small amounts and
11 that there was obviously some type of scam going on." **DAY** confirmed that PacNet had
12 processed 85 checks to multiple mass-mail clients totaling \$2,326 from the 90-year-old man.

13 77. On or about December 10, 2013, a United States bank told defendant
14 **ROSANNE DAY** that it had received a complaint from an individual whose grandmother
15 "is being scammed." **DAY** determined that during the three previous years PacNet had
16 processed \$1,100 in checks to multiple mass-mail clients from the grandmother.

17 78. On or about October 30, 2014, a United States law enforcement officer told
18 defendant **MILES KELLY** that he had been contacted by a man who had been led "to
19 believe he has won some kind of sweepstakes and he is expecting a large amount of money.
20 I am pretty sure most if not all are frauds." **KELLY** confirmed that during the previous nine
21 months PacNet had processed 111 checks to multiple mass-mail clients totaling \$3,489 from
22 the man.

23 79. On or about November 17, 2014, an employee in PacNet's Ireland office
24 forwarded to defendant **GENEVIEVE RENEE FRAPPIER** an email to PacNet that said:
25 "Do you realize that your company is being used by scam artists to cash checks that they
26 have scammed out of unsuspecting seniors all over the world!!! I have a senior who is in his
27 nineties that has got caught up in this scam business and on the back of ALL his cancelled
28

1 checks is your companies [sic] name!!!!!!!!!!!!!! What are you DOING about
2 this??????????????”

3 80. On or about December 9, 2014, a United States bank that already had been in
4 contact with defendant **ROSANNE DAY** about one bank customer told **DAY** about
5 another “elderly customer being scammed/victimized by numerous sweepstakes customers
6 who process with you.” **DAY** confirmed that PacNet had processed \$1,685 in payments
7 from one of the bank’s customers and \$65 from the other.

8 81. On or about December 12, 2014, a PacNet employee told defendant
9 **ROBERT PAUL DAVIS** that an 82-year-old woman had complained to the police in
10 France about seven checks she had sent to PacNet clients. The employee told **DAVIS** that
11 PacNet had processed 123 payments from the woman totaling \$5,039 “so it is in our best
12 interest to refund the 7 payments brought to the attention of the police.”

13 82. On or about March 9, 2015, a PacNet employee asked defendant **MILES**
14 **KELLY** to approve a refund requested by the daughter of a woman who had been
15 diagnosed with dementia and had written approximately \$1,974 in checks that were
16 processed by PacNet. **KELLY** approved the refund.

17 83. On or about November 3, 2015, a United States law enforcement officer
18 contacted defendant **ROSANNE DAY** about two checks PacNet processed that had been
19 written by a woman who was “targeted due to her age by scammers.”

20 ***Multiple Banks that Ended Their Relationships with PacNet Put Defendants on Notice that Mass-***
21 ***Mail Clients Were Engaged in Fraud.***

22 84. PacNet’s business depended on banking relationships. As a payment
23 processor, PacNet could not directly access the financial system. If PacNet did not have a
24 bank account in a particular country, PacNet was unable to process payments originating in
25 that country. PacNet had to have an account with a bank in the United States and in every
26 country from which payments originated. To secure and preserve banking relationships,
27 defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE RENEE**
28

1 **FRAPPIER**, and **MILES KELLY** tried to hide from banks the fraud being committed by
2 PacNet's mass-mail clients.

3 85. To avoid the escalation of complaints, PacNet issued refunds to consumers
4 immediately and without asking questions. On or about September 21, 2012, defendant
5 **ROSANNE DAY** stressed to MMC-1 the importance of addressing complaints promptly,
6 writing in part: "I have seen many queries like this one, and if not dealt with completely and
7 promptly, they can lead to a formal complaint to a regulatory authority or bank."

8 86. To circumvent a bank that refused to handle PacNet wire transfers, PacNet
9 instructed mass-mail clients to wire money to a PacNet-controlled account that was under
10 the name "Indian River." On or about February 2, 2015, defendant **ROSANNE DAY**
11 instructed an individual involved in operating MMC-9 not to mention PacNet when wiring
12 money to the Indian River account.

13 87. To avoid drawing regulatory attention, PacNet implemented a "multi-buyer"
14 program that halted the further processing of payments from any consumer who had written
15 more than 60 checks to PacNet clients in a 90-day period. On or about May 13, 2015,
16 defendant **GENEVIEVE RENEE FRAPPIER** explained to an individual involved in
17 operating MMC-10 that the reason for the program "is because virtually every closed bank
18 account, virtually every regulatory issue, virtually every visit from the authorities over the
19 past 20 years has begun with one of these people who writes over 60 cheques per month to
20 PacNet clients."

21 88. To preserve banking relationships, PacNet emphasized its business with non-
22 mass-mail clients and downplayed its business with mass-mail clients. On or about August
23 19, 2015, defendant **MILES KELLY** falsely told representatives of a United States bank that
24 most of the checks PacNet processed were for magazines, trade publications, not-for-profit
25 drives, and marketers.

26 89. To conceal complaints from banks, PacNet instructed mass-clients to change
27 notifications' payee names if there were complaints. On or about November 25, 2015,
28 defendant **GENEVIEVE RENEE FRAPPIER** instructed an individual involved in

operating MMC-7 to search the internet and, if she found a lot of complaints about a payee name, to "adjust the piece or the customer service as required to improve customer satisfaction" and "discontinue using the name and choose a more generic 'pay to' name instead."

90. Despite the efforts by defendants **ROSANNE DAY, ROBERT PAUL DAVIS, GENEVIEVE RENEE FRAPPIER**, and **MILES KELLY** to conceal PacNet's processing of payments made in response to fraudulent mass-mailed notifications, from in or around 2005 until in or around 2015, PacNet frequently had to change banks because multiple banks refused to continue to do business with PacNet.

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

COUNTS 2-35
MAIL FRAUD
18 U.S.C. § 1341

91. Paragraphs 1-90 of this Indictment are hereby realleged and incorporated herein by reference.

92. Beginning in or around March 1994 and continuing through on or about September 22, 2016, in the District of Nevada and elsewhere, defendants

ROSANNE DAY,
ROBERT PAUL DAVIS,
GENEVIEVE RENEE FRAPPIER, and
MILES KELLY,

together with others known and unknown to the Grand Jury, did devise and intend to devise and participate in a material scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, as set forth above, and, for the purpose of executing such scheme and artifice, and attempting to do so, did knowingly cause to be delivered by the United States Postal Service any matter and thing according to the direction thereon, as follows:

COUNT	APPROXIMATE DATE	DESCRIPTION
2	September 12, 2011	Check for \$10 sent by U.S. mail from B.C. in Nevada to Nevada for MMC-9
3	November 8, 2011	Check for \$45 sent by U.S. mail from V.M. in Nevada to Nevada for MMC-9
4	November 26, 2011	Check for \$45 sent by U.S. mail from S.B. in Nevada to Nevada for MMC-9
5	July 9, 2012	Check for \$50 sent by U.S. mail from V.M. in Nevada to Nevada for MMC-9
6	November 9, 2012	Check for \$45 sent by U.S. mail from M.S. in Louisiana to Nevada for MMC-9
7	January 6, 2013	Check for \$45 sent by U.S. mail from V.M. in Nevada to Illinois for MMC-9
8	May 1, 2013	Check for \$50 sent by U.S. mail from R.R. in Nevada to the Netherlands for MMC-7
9	June 13, 2013	Check for \$19.99 sent by U.S. mail from L.H. in Nevada to New York for MMC-8
10	July 6, 2013	Check for \$20 sent by U.S. mail from L.H. in Nevada to the Netherlands for MMC-1
11	July 15, 2013	Check for \$20 sent by U.S. mail from R.R. in Nevada to the Netherlands for MMC-1
12	October 23, 2013	Money order for \$19.25 sent by U.S. mail from G.J. in Nevada to an unknown address for MMC-2
13	November 13, 2013	Check for \$59.50 sent by U.S. mail from E.D. in Nevada to the Netherlands for MMC-5
14	November 23, 2013	Check for \$20 sent by U.S. mail from G.H. in Nevada to Florida for MMC-11
15	February 1, 2014	Check for \$58 sent by U.S. mail from E.D. in Nevada to the Netherlands for MMC-5
16	February 7, 2014	Check for \$45 sent by U.S. mail from W.G. in Pennsylvania to Nevada for MMC-9
17	March 10, 2014	Check for \$20 sent by U.S. mail from R.R. in Nevada to the Netherlands for MMC-1
18	June 27, 2014	Check for \$20 sent by U.S. mail from D.A. in Nevada to the Netherlands for MMC-1
19	June 28, 2014	Check for \$20 sent by U.S. mail from D.A. in Nevada to the Netherlands for MMC-1
20	June 29, 2014	Check for \$45 sent by U.S. mail from M.S. in Louisiana to Nevada for MMC-9
21	July 14, 2014	Check for \$19.95 sent by U.S. mail from R.L. in Nevada to an unknown address for MMC-4
22	September 3, 2014	Check for \$25 sent by U.S. mail from R.L. in Nevada to the Netherlands for MMC-12
23	September 27, 2014	Check for \$55 sent by U.S. mail from R.L. in Nevada to the Netherlands for MMC-7

24	October 14, 2014	Check for \$25 sent by U.S. mail from G.H. in Nevada to the Netherlands for MMC-12
25	November 23, 2014	Check for \$30 sent by U.S. mail from D.A. in Nevada to Switzerland for MMC-6
26	January 13, 2015	Check for \$20 sent by U.S. mail from A.C. in Nevada to the Netherlands for MMC-3
27	January 13, 2015	Check for \$20 sent by U.S. mail from A.C. in Nevada to New York for MMC-12
28	February 2, 2015	Check for \$20 sent by U.S. mail from D.A. in Nevada to New York for MMC-12
29	March 8, 2015	Check for \$24 sent by U.S. mail from A.C. in Nevada to an unknown address for MMC-3
30	April 23, 2015	Check for \$24 sent by U.S. mail from D.A. in Nevada to an unknown address for MMC-3
31	May 11, 2015	Check for \$20 sent by U.S. mail from D.A. in Nevada to the Netherlands for MMC-1
32	October 14, 2015	Check for \$19.95 sent by U.S. mail from A.C. in Nevada to New York for MMC-8
33	June 14, 2016	Check for \$26 sent by U.S. mail from A.C. in Nevada to New Jersey for MMC-12
34	June 24, 2016	Check for \$24 sent by U.S. mail from A.C. in Nevada to an unknown address for MMC-3
35	August 2, 2016	Check for \$20 sent by U.S. mail from A.C. in Nevada to an unknown address for MMC-3

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS 36-40
WIRE FRAUD
18 U.S.C. § 1343

93. Paragraphs 1-90 of this Indictment are hereby realleged and incorporated herein by reference.

94. Beginning in or around March 1994 and continuing through on or about September 22, 2016, in the District of Nevada and elsewhere, defendants

ROSANNE DAY,
ROBERT PAUL DAVIS,
GENEVIEVE RENEE FRAPPIER, and
MILES KELLY,

together with others known and unknown to the Grand Jury, did devise and intend to devise and participate in a material scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, as set forth above, and, for the purpose of executing such scheme and artifice, and attempting to do so, did knowingly transmit and cause to be transmitted in interstate commerce by means of wire communications, certain writings, signs, and signals, as specified in each count below:

COUNT	APPROXIMATE DATE	DESCRIPTION
36	July 17, 2014	Wire for \$11,928.04 from PacNet's bank in Illinois to Nevada State Bank for MMC-12's printer
37	September 29, 2014	Wire for \$3,375.96 from PacNet's bank in Illinois to Nevada State Bank for MMC-12's printer
38	December 23, 2015	Wire for \$7,396.40 from PacNet's bank in Illinois to Nevada State Bank for MMC-12's printer
39	February 10, 2016	Wire for \$11,593.63 from PacNet's bank in Illinois to Nevada State Bank for MMC-12's printer
40	April 19, 2016	Wire for \$17,046.99 from PacNet's bank in Illinois to Nevada State Bank for MMC-12's printer

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 41
CONSPIRACY TO COMMIT MONEY LAUNDERING
18 U.S.C. §§ 1956(a)(2)(A) and 1956(h)

95. Paragraphs 1-90 of this Indictment are hereby realleged and incorporated herein by reference.

96. Beginning in or around March 1994 and continuing through on or about September 22, 2016, in the District of Nevada and elsewhere, defendants

ROSANNE DAY,
ROBERT PAUL DAVIS,
GENEVIEVE RENEE FRAPPIER, and
MILES KELLY,

together with others known and unknown to the Grand Jury, did knowingly conspire to transport, transmit, and transfer funds from one or more places in the United States to and through one or more places outside the United States and to one or more places in the United States from and through one or more places outside the United States, with the intent to promote the carrying on of one or more specified unlawful activity, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 1956(h).

Forfeiture Allegation One

1. The allegations contained in Counts 1-40 of this Criminal Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c).

2. Upon conviction of any of the felony offenses charged in Counts 1-43 of this Criminal Indictment,

**ROSANNE DAY,
ROBERT PAUL DAVIS,
GENEVIEVE RENEE FRAPPIER, and
MILES KELLY,**

defendants herein, shall forfeit to the United States of America, any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1341 and 1343, specified unlawful activities as defined in Title 18, United States Code, Sections 1956(c)(7)(A) with 1961(1)(B), or Title 18, United States Code, Section 1349, conspiracy to commit such offenses: an in personam criminal forfeiture money judgment including, but not limited to, at least an amount to be calculated pursuant to the forfeiture statute in this forfeiture allegation and Fed. R. Crim. P. 32.2(b)(2)(C) (property).

3. If any of the property being subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c), as a result of any act or omission of the defendants:

- 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,

1 it is the intent of the United States of America, pursuant to Title 21, United States Code,
2 Section 853(p), to seek forfeiture of any other property of the defendants for the property
3 listed above.

4 All pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28,
5 United States Code, Section 2461(c); Title 18, United States Code, Sections 1341, 1343, and
6 1349; Title 21, United States Code, Section 853(p); and Title 28, United States Code,
7 Section 2461(c).

8 **Forfeiture Allegation Two**

9 4. The allegations contained in Count 41 of this Criminal Indictment are hereby
10 realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant
11 to Title 18, United States Code, Section 981(a)(1)(A) with Title 28, United States Code,
12 Section 2461(c); Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United
13 States Code, Section 2461(c); and Title 18, United States Code, Section 982(a)(1).

14 5. Upon conviction of the felony offense charged in Count 44 of this Criminal
15 Indictment,

16 **ROSANNE DAY,**
17 **ROBERT PAUL DAVIS,**
18 **GENEVIEVE RENEE FRAPPIER, and**
19 **MILES KELLY,**

20 defendants herein, shall forfeit to the United States of America, any property, real or
21 personal, involved in a transaction or attempted transaction in violation of Title 18, United
22 States Code, Section 1956(a)(2)(A) and 1956(h):

23 defendants herein, shall forfeit to the United States of America, any property, real or
24 personal, which constitutes or is derived from proceeds traceable to a violation of Title 18,
25 United States Code, Section 1956(a)(2)(A), a specified unlawful activity as defined in Title
26 18, United States Code, Sections 1956(c)(7)(A) with 1961(1)(B), or Title 18, United States
27 Code, Section 1956(h), conspiracy to commit such offense:
28

1 defendants herein, shall forfeit to the United States of America, any property, real or
 2 personal, involved in a violation of Title 18, United States Code, Section 1956(a)(2)(A) and
 3 1956(h), or any property traceable to such property:

4 an in personam criminal forfeiture money judgment including, but not limited to, at
 5 least an amount to be calculated pursuant to the forfeiture statute in this forfeiture allegation
 6 and Fed. R. Crim. P. 32.2(b)(2)(C) (property).

7 6. If any of the property being subject to forfeiture pursuant to Title 18, United
 8 States Code, Section 981(a)(1)(A) with Title 28, United States Code, Section 2461(c); Title
 9 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section
 10 2461(c); and Title 18, United States Code, Section 982(a)(1), as a result of any act or
 11 omission of the defendants:

- 12 a. cannot be located upon the exercise of due diligence;
- 13 b. has been transferred or sold to, or deposited with, a third party;
- 14 c. has been placed beyond the jurisdiction of the court;
- 15 d. has been substantially diminished in value; or
- 16 e. has been commingled with other property which cannot be divided
 17 without difficulty,

18 it is the intent of the United States of America, pursuant to Title 21, United States Code,
 19 Section 853(p), to seek forfeiture of any other property of the defendants for the property
 20 listed above.

21 All pursuant to Title 18, United States Code, Section 981(a)(1)(A) with Title 28,
 22 United States Code, Section 2461(c); Title 18, United States Code, Section 981(a)(1)(C)
 23 with Title 28, United States Code, Section 2461(c); Title 18, United States Code, Section
 24
 25
 26
 27
 28

982(a)(1); Title 18, United States Code, Section 1956(a)(2)(A) and 1956(h); Title 21, United States Code, Section 853(p); and Title 28, United States Code, Section 2461(c).

DATED: This 19th day of June, 2019.

A TRUE BILL:


/S/
FOREPERSON OF THE GRAND JURY

GUSTAV W. EYLER
Director
Consumer Protection Branch
Department of Justice

NICHOLAS TRUTANICH
United States Attorney

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