

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, June 20, 2019

Four Executives of Canadian Payment Processor Charged with Fraud and Money Laundering

Four individuals were charged with engaging in a massive fraud scheme in which their company processed payments from victims of numerous international mass-mail fraud campaigns, the Department of Justice announced.

Rosanne Day, 51; Robert Paul Davis, 63; Genevieve Renee Frappier, 49; and Miles Kelly, 55; each were charged in the District of Nevada with one count of conspiracy to commit mail and wire fraud, one count of conspiracy to commit money laundering, and multiple counts of mail fraud and wire fraud. Day and Davis were part-owners and the top managers of PacNet Services Ltd. (PacNet), a payment processing company based in Vancouver, British Columbia, Canada. Frappier was in charge of PacNet's Marketing and Client Services departments, and Kelly oversaw PacNet's Compliance Department.

The indictment alleges that PacNet, under the defendants' direction, was the payment processor of choice for companies that mailed large volumes of fraudulent notifications designed to mislead victims into falsely believing they would receive a large amount of money, a valuable prize, or specialized psychic services upon payment of a fee. Many alleged victims were elderly or otherwise vulnerable. PacNet served as the middleman between banks and the fraudulent mailers – aggregating the checks, cash, and credit card payments collected by its clients, depositing the payments into PacNet-controlled bank accounts, and then distributing the funds as directed by the clients, according to the indictment.

“The defendants are charged with enriching themselves by helping fraudsters who took money from elderly and otherwise vulnerable victims,” said Assistant Attorney General Jody Hunt for the Department of Justice's Civil Division. “The United States Department of Justice will seek to hold accountable those who knowingly advance elder fraud schemes – including individuals outside our borders who enable fraudsters to move their ill-gotten gains into the banking system and benefit from their crimes.”

“As alleged in the indictment, numerous victims in Nevada were defrauded of money in connection with the defendants' scheme, and at least one of PacNet's fraudulent mass mail clients was located in Nevada,” said U.S. Attorney Nicholas A. Trutanich for the District of Nevada. “Working with our Postal Inspectors and other law enforcement partners, we will identify, investigate, and prosecute criminals – both foreign and domestic – who prey on our seniors and other vulnerable Nevada residents. These fraud schemes can happen to anyone. If you're a victim, I urge you to immediately file a complaint with the FTC at 877-FTC-HELP.”

“The U.S. Postal Inspection Service has been at the forefront of protecting consumers from fraud schemes for many years,” said Inspector in Charge Delany DeLeon-Colon of the U.S. Postal Inspection Service's Criminal Investigations Group. “We do this through traditional investigative methods to identify

and stop the scammers, and consumer education, which is the best defense against criminals looking for easy money. Investigations like this one let the American public – especially our vulnerable population – know that Postal Inspectors are working hard to protect them and ensure their confidence in the U.S. Mail.”

From 1994 until Sept. 22, 2016, PacNet processed payments for a variety of clients, including mass-mail clients who sent fraudulent notifications to consumers in the United States and around the world, according to the indictment. Several individuals involved in operating mass-mail companies that processed payments through PacNet have been convicted of federal fraud charges during the last two years.

The indictment alleges that the defendants knew that multiple PacNet mass-mail clients obtained payments from victims through fraudulent notifications and nonetheless approved depositing those payments into U.S. bank accounts, allowing the clients to benefit from the fraud. Day, who was in charge of PacNet’s Vancouver headquarters, and Davis, who oversaw PacNet’s office in Shannon, Ireland, each earned approximately \$15 million in Canadian dollars from 2013 through 2015, the last three full years that PacNet was in operation, according to the indictment.

PacNet’s policies required mass-mail clients to submit sample notifications to PacNet for review. The indictment alleges that the defendants approved processing for fraudulent notifications that had been submitted, in some situations approved processing for fraudulent notifications that had not been submitted, and at other times condoned the continued processing for mass-mail clients who were sending different, even more fraudulent notifications than what PacNet had approved.

Davis, who identified himself as PacNet’s general counsel, opened post office boxes in the United Kingdom to which certain PacNet mass-mail clients directed victim payments be sent, according to the indictment. The indictment alleges that Davis, who was a pilot, at times flew to the United Kingdom to pick up the mail and transport it to Ireland, where the mail was opened and the checks, cash, and other payments were processed. The indictment further alleges that on several occasions Davis flew to the Netherlands to pick up cash from facilities that were receiving mail for certain PacNet mass-mail clients. Davis then flew the cash to Ireland, according to the indictment.

Each charge carries a maximum penalty of 20 years in prison. The indictment contains only accusations against the defendants and is not evidence of guilt. The defendants should be presumed innocent unless and until proven guilty.

The criminal charges are the result of an investigation conducted by the United States Postal Inspection Service, which through official requests received assistance from the Vancouver Police Department, Canada’s Competition Bureau, Ireland’s Criminal Assets Bureau, the United Kingdom’s National Crime Agency, and the Netherlands’ Fiscal Information and Investigation Service.

Senior Litigation Counsel Patrick Jasperse of the Department’s Consumer Protection Branch is prosecuting the case with assistance from Assistant United States Attorney Nicholas Dickinson of the U.S. Attorney’s Office for the District of Nevada. The Criminal Division’s Office of International Affairs has provided critical support.

Topic(s):

Consumer Protection

Component(s):

Civil Division

USAO - Nevada

Press Release Number:

