

**FILED**

AUG 17 2004

CLIFFORD J. PROUD  
U.S. MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF ILLINOIS  
EAST ST. LOUIS OFFICE

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA, )  
)  
Plaintiff, )  
)  
vs. )  
)  
STEVEN WINTER, )  
BRIAN KENT, )  
CARRIE REID and )  
SEAN MCVICAR, )  
)  
Defendants. )

Misc. No. D4-M-6042-CSP

FILED UNDER SEAL

**CRIMINAL COMPLAINT**

I, Postal Inspector Peter D. Sullivan, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief, and that this complaint is based upon the facts in the affidavit submitted herewith.

**I. Introductory Statement**

1. From on or about the 1<sup>st</sup> day of November, 1999, and continuing until the filing of this complaint, in St. Clair, Madison, Jefferson, Pope, and Massac Counties, within the Southern District of Illinois, and elsewhere, **STEVEN WINTER, BRIAN KENT, CARRIE REID, and SEAN MCVICAR**, doing business with American consumers under various corporate aliases, engaged in a fraudulent telemarketing scheme from the greater Toronto, Ontario, Canada metropolitan area, targeting residents of the United States, (1) by falsely representing that they were in a legitimate business of providing credit card protection services, and (2) by falsely representing that they would provide MasterCard and Visa credit cards to individuals with poor credit.

2. Defendants collected fees ranging between \$149 and approximately \$400 from tens of thousands of U.S. consumers, processing approximately \$10 million in credit card and electronic check charges against consumer accounts.

3. Defendants used high pressure sales tactics to close sales on their credit card protection scheme, in part by telling consumers that all credit card holders were required by the credit card companies to have credit card protection in order to keep their credit cards active.

4. In connection with their advance fee credit card scheme, defendants used coercive closing methods to bilk people with poor credit in part by misleading many consumers to believe that unless the consumer paid a roughly \$200 "processing fee" to defendants for a credit card, that the consumer's credit history would be "red flagged" and the consumer would never be able to receive another credit card.

5. To conceal the fact that the scam operated from outside the United States, defendants created mail drops. One mail drop was located in Batavia, New York, at the site of a converted farm tractor factory. Another mail drop was located at a truck storage warehouse in Buffalo, New York. Defendants occupied no physical space at either facility and telemarketers employed by defendants represented to consumers that the "head office" was located at one of these mail drops in the United States.

6. Neither Visa nor MasterCard authorized defendants to market credit cards on their behalf.

7. Defendants did not employ or provide customer service representatives to answer calls from customers who purchased the so-called credit card protection services. Consumer calls were routed to an unattended answering machine and no services were provided.

8. At the beginning of the scheme, defendants processed the initial credit card transactions through the National State Bank of Metropolis, in Massac County, within the Southern District of Illinois, causing the bank to lose approximately \$1.9 million. After the bank failed, defendants moved on to other processors and financial institutions.

9. From November 1999 through June 2004, Winter, Kent, Reid, McVicar, and their associates defrauded at least 37,000 individuals in the United States out of approximately \$10,450,000. They made between 925,000 and 1,850,000 telemarketing calls to the United States attempting and intending losses of between approximately one-quarter of a billion U.S. dollars (\$250,000,000) and one-half of a billion U.S. dollars (\$500,000,000).

## II. Participants in the Scheme

10. **STEVEN WINTER** is a resident of Ontario, Canada and is a Canadian citizen. During the course of the scheme, **WINTER** set up several fraudulent telemarketing operations under several names, including Consumer Alliance, First American, Credit Express, and United Card Services. **WINTER** created several corporations in the United States, in Canada, and in Belize, to operate, support, or facilitate the scheme. Among these entities were HTC Holdings, Limited (“HTC” representing “Hide the Cash”), BBC Corp (“BBC” representing “Billionaire Boys Club”), International Marketing Corporation (“IMC”) (an Ontario corporation), Consumer Alliance, Inc. (a Delaware Corporation), Consumer Alliance, Inc, also known as 1421914 Ontario Inc (an Ontario Corporation), Consumer Alliance, Inc. (a Belize Corporation), SAC Limited also known as 1396137 Ontario, Ltd, (an Ontario Corporation), Credit Express, Inc (a Delaware Corporation), and United Card Services (a Delaware Corporation). **WINTER** controlled each of these corporations and personally controlled their bank accounts through

which millions of dollars passed. **WINTER** did “verifications” for Consumer Alliance, making recordings of consumers reading their account information and recording their consent to the transaction, a process required by law and therefore by ACH processors to generate one time debits against a consumer’s bank account, and also required by some credit card processors for outbound telemarketing credit card transactions. During the period covered by this criminal complaint, **WINTER** also conducted, or was in the process of establishing some type of business under the name of “Viagra Lifestyles” and “Consumers Against Fraud in America.”

11. **BRIAN KENT** is a resident of the Toronto metropolitan area and is a Canadian citizen. He was a business partner of and co-venturer with **WINTER** in First American, International Marketing Corporation, Credit Express, BBC Corp, and United Card Services. He was involved in both the credit card protection and advance fee credit card scams. Along with **WINTER**, he exercised control over the telemarketing operations described herein, and was a point of contact with credit card and Automated Clearing House (ACH) processors on behalf of **WINTER**. From time to time he also had contact with some of the banks, on **WINTER**’s behalf.

12. **CARRIE REID** is a resident of the Toronto metropolitan area and is a Canadian citizen. **REID** is the common law wife of **STEVEN WINTER** and mother to one of his children. **REID** participated in the day to day management of Consumer Alliance, First American, Credit Express and United Card Services. She was **WINTER**’s main point of contact with several credit card and ACH processors and was involved in the processing of telemarketing sales transactions, resulting in money being charged to consumer credit cards or debited from their bank accounts. She was also a main point of contact with processors regarding complaints from defendants’ customers demanding their money back. **REID** did

“verifications” for First American and Credit Express. From time to time **WINTER** identified her as the owner and director of United Card Services. She represented herself as “Director of Operations” of United Card Services. She was also listed as the CEO of Consumer Alliance, a Belize corporation.

13. **SEAN MCVICAR** is a resident of the Toronto metropolitan area and is a Canadian citizen. He was involved in **WINTER**'s telemarketing operations in a variety of capacities. On behalf of Consumer Alliance, First American, Credit Express and United Card Services, **MCVICAR** did “verifications.” In making the verifications, **MCVICAR** used several alias names, including “Mike Matthews,” “Mathew Green,” “Mark Matthews,” “Mark McNulty,” “Sean Matthews” and “Sean Jones.” **MCVICAR** was also “Director of Corporate Affairs” for Credit Express, and office manager for Consumer Alliance.

14. International Marketing Corp. (“IMC”) was an Ontario Corporation incorporated on April 4, 1997. In a Canadian T2 Corporate Tax return, Winter listed its principal business as “credit card, insurance” and its principal product as “insurance.” IMC was controlled by **STEVEN WINTER**. The offices of Consumer Alliance at 1992 Yonge Street, Toronto, Ontario, Canada had the name “International Marketing Corp” on the front door.

15. Consumer Alliance, Inc., was incorporated in Delaware on November 18, 1999, and was controlled by **WINTER**. Its office and principal place of business was located at 1992 Yonge Street, Toronto, Ontario, Canada. Consumer Alliance claimed to have a U.S. office at 56 Harvester Street, Batavia, New York; however, the location was a mail drop, and Consumer Alliance rented no physical space at the location. Consumer Alliance also claimed to have an office at 4709 Colleyville Blvd., Suite 580 PMB 221, Colleyville, Texas 76034. However, this location was another mail drop.

16. 1421914 Ontario Inc, which did business under the name “Consumer Alliance,” was incorporated in Ontario, Canada, and was controlled by **WINTER**. Its office and principal place of business was located at 1992 Yonge Street. A T2 Canadian Tax Return listed its principal business activity as “telephone sales” with its principal product being “insurance.”

17. Consumer Alliance, Inc., was also the name of a corporation formed by **WINTER** in the Central American country of Belize. Its registered office was 1632 Buttonwood Bay Blvd, Belize City, Belize. **STEVEN WINTER** controlled Consumer Alliance, Inc. In an application for credit card processing dated July 24, 2000, submitted by Consumer Alliance, **CARRIE REID** was listed as the “CEO.”

18. HTC Holdings, Inc. appeared to play some role in the finances of **WINTER**’s various enterprises. HTC, Consumer Alliance and IMC were related companies under common control which issued consolidated financial statements.

19. Credit Express, Inc, was a Delaware corporation. Its sole initial director was **WINTER**, whose address was listed as 1502 Niagara Street, Buffalo, New York. That address was a mail drop and neither Credit Express nor **STEVEN WINTER** maintained a physical office at that location. When the Upper New York Better Business Bureau (“BBB”) telephoned the purported offices of Credit Express to inquire as to their activities, the BBB was falsely told that while the company “used to market credit cards,” they currently marketed “magazines.” Charges submitted by Credit Express for fees it collected for the purported issuance of credit cards appeared on consumers’ bank statements as “First American.” “First American” was identified as a “subsidiary” of Credit Express in scripts used by telemarketers in the sales room of Credit Express in Barrie, Ontario.

20. United Card Services Limited (“UCS”) was a Delaware corporation incorporated on October 1, 2002. United Card Services claimed to have its main office at 1502 Niagara Street, Buffalo, New York, the same mail drop used by Credit Express. The principal of UCS was **WINTER**. At different times both **STEVEN WINTER** and **CARRIE REID** were held out as the owner of UCS with each having a 100% ownership interest. **SEAN MCVICAR** was also held out as a “manager” of UCS.

21. SAC Limited (“SAC”) was an Ontario corporation whose principal place of business was 1992 Yonge Street, Suite 301, Toronto, Ontario. The initial directors of SAC were Winter and Cary Title, Winter’s initial business partner in Consumer Alliance. In a letter dated July 17, 2003, Winter identified SAC as the Canadian affiliate for United Card Services. SAC’s account, according to the letter, was used for “payroll” and for “paying affiliate rooms.”

22. Each of the corporate entities and businesses described in the preceding paragraphs acted as principals in the conduct of the fraudulent scheme described within. The corporate entities and businesses conspired with each other and with the individual defendants to commit the acts described herein. In addition, the individual defendants aided, abetted, counseled, commanded, induced and procured the commission of offenses by the corporate entities and businesses described herein.

### **III. Scheme**

#### *Credit Card Protection Services*

23. Since November, 1999, and continuing thereafter until sometime in 2001, through unsolicited calls from telemarketers, defendants deceptively marketed services to United States consumers that they claimed to be necessary to protect consumers against credit card fraud.

Defendants made, or caused to be made, numerous misrepresentations, half truths and material omissions of fact through telemarketers hired by the businesses the defendants controlled.

24. Defendants falsely represented or implied that they were calling from, or were affiliated with, legitimate credit card companies, such as Visa, MasterCard, or the bank issuing the consumer's credit card. In truth and in fact, neither defendants, nor their companies, had any connection whatsoever with Visa, MasterCard, or the consumer's bank.

25. Defendants told consumers that their credit card protection services were necessary because consumers were totally responsible for charges resulting from the unauthorized or fraudulent use of their credit cards. In truth and in fact, under Section 226.12(b) of Regulation Z, 12 C.F.R. §226.12(b), and Section 133 of the Truth in Lending Act, 15.U.S.C. §1643, a consumer cannot be held liable for more than fifty dollars (\$50) for any unauthorized charge to a credit card account.

26. Defendants persuaded consumers to divulge their credit card numbers by stating that they already knew the numbers but needed verification.

27. Consumer Alliance telemarketers made the following misrepresentations and misleading statements of fact, among others, to many of Consumer Alliance's customers:

- A. Consumer Alliance was the major underwriter of credit card protection for Visa and MasterCard;
- B. Consumers were required by law to have this credit card protection;
- C. Banks required consumers to have credit card protection as a condition for maintaining a credit card account;



D. Consumers would have unlimited liability for the fraudulent use of their credit cards and therefore needed the credit card protection supposedly offered by Consumer Alliance;

E. The credit card protection program being offered by Consumer Alliance was “registered” with the Federal Trade Commission (“FTC”);

F. The FTC was “aware” that Consumer Alliance was making calls to U.S. consumers, thus implying approval or endorsement.

28. In describing the purported need for credit card protection, Consumer Alliance omitted to state that under U.S. law, consumer’s liability for the fraudulent use of a credit card was fifty dollars (\$50), thus making their representations to consumers at a minimum misleading and half truths.

29. Many consumers were told that Consumer Alliance was a “ten year program,” implying that the consumer would not have to pay for the entire fee at once, but would be billed monthly, over the ten year period. Many customers were also led to believe that they would be sent information on credit card protection and would have thirty days to review and return the package with a right of cancellation, prior to the consumer’s credit card being charged. In fact, Consumer Alliance caused consumer bank accounts to be debited immediately for the entire amount of the fee.

#### *Advance Fee Credit Card*

30. From on or about October, 2001, and continuing thereafter until some time after June 2002, defendants, operating under the names of First American and Credit Express (which they used interchangeably), made unsolicited telephone calls to consumers throughout the United States and falsely offered to provide pre-approved credit cards to consumers for an

advance fee ranging from \$149 to \$249. Telemarketers told consumers that First American was offering pre-approved MasterCard or Visa credit cards with low or no interest rates, credit limits of \$2,000, \$2,500, or more, and no annual fees. First American targeted consumers with no credit or bad credit for their credit card offer.

31. First American telemarketers used a sales pitch that implied that they were responding to a request for a MasterCard or Visa that had already been made by the consumer. The consumer was then asked how he or she would like their name to appear on their credit card. Consumers were asked whether they had declared bankruptcy in the last six months, implying that the telemarketer was applying credit underwriting criteria. After consumers provided their bank account information in order to allow First American to process an ACH debit for the fee, the consumer was promised that he or she would receive their card in ten to fourteen business days and that they would need to call a toll free telephone number to activate the card upon its receipt. Later, the sales pitch was changed to describe what the consumer would receive as a “guaranteed letter of acceptance.”

32. From time to time, customers asked whether the credit card being promoted by First American was a “secured” credit card, which requires that a consumer maintain a bank account with the issuer with funds on deposit to cover the card, or a stored value card, which, like a gift card, requires that the card be “loaded” with funds that are debited from the card when the card is used. Sales representatives were told by First American’s management that they were to represent the card as a credit card and not as a secured or a stored value card.

33. From time to time, First American telemarketers told consumers who declined the credit card offer that the failure of the consumer to pay the fee and obtain the credit card would hurt their credit rating. The reason for this, according to the telemarketers, was that First

American was responding to a credit card application supposedly made by the consumer. If the consumer turned down the offer, that consumer's name would be "flagged," and other credit card companies would know not to "waste their time" reviewing any future credit card application submitted by that consumer.

34. No First American consumer ever received a credit card through First American. Instead, First American consumers received a stored value card, an application for a stored value card, or an application for a credit card.

35. After June 2002, the defendants changed the name of their operation and commenced operating under the name of United Card Services at a different location in Ontario.

36. On or about September 16, 2002, United Card Services entered into a contract with a travel promotion company in Florida whereby the travel company provided travel promotions at the cost of approximately \$10.55 per package. United Card Services was able to persuade the travel promotion firm to obtain a supplier of stored value cards which were to be included as part of the travel package, ostensibly so that consumers, who had no credit card, would have the ability to put deposits on travel.

37. United Card Services took the travel promotion literature and stored value cards and in turn used its telemarketers to promote the package as a credit card offer which included a travel benefit and priced the package at between \$249 and \$299.

38. Defendants' representations, through First American and United Card Services, were false, fraudulent and misleading in that First American, United Card Services and their affiliates had no authority whatsoever to offer MasterCard or Visa credit cards, did not in fact issue credit cards, and had no connection to financial institutions that did issue credit cards. When consumers received any form of card, they received a stored value card, an application for

a stored value card, or an application for a credit card, none of which conformed to the representations made by telemarketing sales representatives which promised a credit card.

39. First American and United Card Services charged an advance fee to issue the so-called credit cards. Payment was made through an ACH debit. In order to process the ACH debit, telemarketers with First American and United Card Services requested the consumer's bank account information, including bank routing information. This information was normally verified in separate calls by another First American or United Card Services manager or specially assigned senior employee. While many of the "verification" calls were limited to confirming basic account information, such as bank account number and routing codes and to verifying that the consumer was authorizing an electronic debit from their bank account, in a large number of cases, during verification calls, telemarketers used the term "credit card" to describe what the firms were selling to the consumer.

40. First American and United Card Services then compiled the bank account information provided by consumers, submitted the data through the internet to ACH processors in the United States, and through the Automated Clearing House System, made a debit against the bank accounts of consumers, including the accounts of consumers in banks located in the Southern District of Illinois.

41. From on or about April, 2003, and continuing thereafter until June, 2004, defendants continued their advanced fee credit card scheme under the names Prime America Benefits, Advantage Plus, Coast to Coast Travel and variations of these names. They offered to provide pre-approved MasterCard or Visa credit cards with low or no interest rates, credit limits of \$1,500, \$2,000 or more and no annual fees to consumers for an advance fee ranging from \$249 to \$299.

42. First American, United Card Services, Prime America Benefits, Advantage Plus, and Coast to Coast Travel did not provide consumers with, or arrange for consumers to receive, credit cards or other extensions of credit. Furthermore, neither the firms nor any of their affiliates were authorized by MasterCard or Visa to issue or market MasterCard or Visa credit cards to the public, or to use MasterCard or Visa trademarks in their promotions.

*Bank Fraud*

43. Payment for almost all of the supposed credit card protection services offered by Consumer Alliance was made by consumers through charges on their credit cards. In almost all cases, the charges were made on the consumer's Visa or MasterCard.

44. Sometime in the fall of 1999, Consumer Alliance established a merchant account at the National State Bank of Metropolis in Metropolis, Illinois, in Massac County, within the Southern District of Illinois, ("National State Bank," or "NSB"). This merchant account was established through an independent sales organization ("ISO"), WebCorp, which had a contract with the National State Bank to develop and qualify merchants to process credit card transactions through NSB.

45. In the fall of 1999, WebCorp, acting on behalf of National State Bank, entered into a contract with Consumer Alliance. In its application for merchant processing, Consumer Alliance represented that its main office was at 56 Harvester, Batavia, New York. The underwriting criteria utilized by National State Bank at the time prohibited establishing accounts with merchants outside the United States. In truth and in fact, Consumer Alliance occupied no physical space at the Batavia address which was nothing more than a mail drop. Consumer Alliance did not have an office in the United States.

46. From almost the very beginning, the Consumer Alliance account at National State Bank was the subject of charge backs by Visa and MasterCard. A charge back occurs, *inter alia*, when a card holder reports to his or her issuing bank that a credit card charge was unauthorized or fraudulent. National State Bank experienced a growing level of charge backs related to Consumer Alliance's account. Those charge backs arose as a result of consumers discovering that they had been defrauded by defendants and their co-conspirators.

47. As a result of Consumer Alliance's growing level of charge backs, Visa International began to levy fines and other charges against National State Bank for violation of its agreement with Visa.

48. At the time that National State Bank terminated credit card processing for Consumer Alliance, the outstanding charge backs substantially exceeded the amount that Consumer Alliance had in its account with NSB. As a consequence, NSB lost approximately \$1.9 million as a result of defendants' fraudulent acts.

49. Shortly after NSB terminated its relationship with Consumer Alliance, NSB was placed into receivership by the Office of the Comptroller of the Currency, an instrumentality of the United States.

50. In connection with the transactions described in this indictment, **STEVEN WINTER, BRIAN KENT, CARRIE REID, and SEAN MCVICAR**, engaged in a scheme involving deceit and trickery in order to gain an unfair or dishonest advantage over thousands of victims located in the Southern District of Illinois and elsewhere throughout the United States, defrauding those victims of approximately \$10 million.

**IV.**  
**Count 1 - Conspiracy**  
**18 U.S.C. § 371**

51. Paragraphs 1 through 50 are hereby realleged.

52. From on or about the 1<sup>st</sup> day of September, 1999 and continuing through approximately April 2003, in the Southern District of Illinois and elsewhere, the defendants,

**STEVEN WINTER,**  
**BRIAN KENT,**  
**CARRIE REID, and**  
**SEAN MCVICAR,**

together with International Marketing Corp., Consumer Alliance, Inc., 1421919 Ontario, Inc., BBC Corp., HTC Holdings, Inc., First American, Credit Express, Inc., United Card Services, SAC Limited, and 1396137 Ontario, Ltd., together with others known and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate and agree among themselves and each other to commit certain offenses against the United States as follows:

A. To devise a scheme and artifice to defraud and to obtain money or property by means of false pretenses, and for the purpose of executing and in order to effect the scheme, to knowingly cause to be sent and delivered by the United States Postal Service and by commercial interstate carrier, benefits packages, mail and mail matter to various residents of the Southern District of Illinois, in violation of Title 18, United States Code, Section 1341.

B. To devise a scheme and artifice to defraud and to obtain money or property by means of false pretenses, and for the purposes of conducting, promoting, and carrying on said scheme by means of the Postal Service, to use and assume, and to request to be addressed to a false and fictitious address other than the proper address, all in violation of Title 18, United States Code, Section 1342.

C. To devise a scheme and artifice to defraud and to obtain money or property by means of false pretenses, for the purpose of executing and in order to effect the scheme, to knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, interstate and international telephone calls, and signs and signals, all in violation of Title 18, United States Code, Section 1343.

D. To engage in money laundering offenses, all in violation of Title 18, United States Code, Sections 1956 and 1957.

E. To knowingly execute, and attempt to execute, a scheme and artifice to defraud a financial institution and obtain moneys, funds, credits, assets and other property owned by, or under the custody or control of, a financial institution, by means of false and fraudulent pretenses, representations and promises, all in violation of Title 18, United States Code, Section 1344.

53. In furtherance of the conspiracy, between September 1999 and April 2003, defendants committed the following overt acts.

A. Sometime in November, 1999, **STEVEN WINTER** established a telemarketing scam in Toronto, Ontario, selling so called credit card protection services to U.S. residents by falsely representing to them that they were legally responsible for fraudulent and unauthorized charges on their credit cards.

B. On or about December 13, 1999, **WINTER**, acting as a verification officer for Consumer Alliance, in response to a consumer who asked him directly whether Consumer Alliance was a scam, represented that “[i]t’s not a rip-off Maam.”

C. On or about December 13, 1999, **SEAN MCVICAR**, acting as a verification officer for Consumer Alliance, and using the name of Matthew Green, represented to



a consumer that “we’re [Consumer Alliance] the major underwriter for uh [sic] Visa and MasterCard holders,” claiming that the so called credit card protection was being sold on behalf of Visa and MasterCard.

D. On or about December 21, 1999, **STEVEN WINTER**, acting as a verification officer for Consumer Alliance, represented to a consumer that the Federal Trade Commission was aware that Consumer Alliance was making telemarketing calls and falsely stated that Consumer Alliance was “not breaking any Federal Trade Commission laws...”

E. On or about April 4, 2000, **SEAN MCVICAR**, acting as a verification officer for Consumer Alliance, and using the name Mark Matthews, represented to a consumer that the consumer would have to remove his identifying information from all computer data banks, including government systems such as Social Security, and “go live out in the woods in a log cabin or something” to avoid fraudulent charges.

F. On or about April 5, 2000, **SEAN MCVICAR**, acting as a verification officer for Consumer Alliance, and using the name Sean Matthews, represented to a consumer that the “head office” of Consumer Alliance was in Batavia, New York.

G. On or about July 19, 2000, J.R., a verification officer for Consumer Alliance, in connection with a verification on a customer who was disinclined to conclude the transaction, attempted to convince the consumer that he would be the “only citizen in the U.S. without protection on your credit card.” He also implied that if a fraudster placed \$3,000 in fraudulent charges on the consumer’s credit card tomorrow, that the consumer would be responsible for paying all of the charges.

H. Sometime around November, 2000, **WINTER** and **MCVICAR** met with Jason Williams and Danny Longo of Cranberry Resorts, the operators of a call center that

promoted Consumer Alliance's credit card protection program during the call center's daytime hours. **WINTER** explained to Williams and Longo, in McVicar's presence, that the credit card protection program was a "foolproof" "scam." Consumers didn't need credit card protection, according to **WINTER**, because they weren't generally responsible for the fraudulent use of their credit cards. However, **WINTER** explained that because consumers in the U.S. often fear being liable for fraudulent charges, Consumer Alliance was able to make sales. **WINTER** admitted that there were no customer service representatives taking calls from consumers who attempted to use the credit card protection services they ostensibly purchased because, according to **WINTER**, it was unlikely that any credit card company would ever discuss an individual consumer's account with Consumer Alliance anyway.

I. Because of difficulties experienced by **WINTER** in obtaining credit card processors willing to process credit card charges arising out of **WINTER**'s credit card protection scheme, **WINTER**, abandoned the credit card protection scheme and branched out into an advanced fee credit card scheme.

J. On or about May 10, 2001, **WINTER** executed a Paradigm Processing Solutions ("PPS") Merchant Application for credit card processing on behalf of Credit Express, 1502 Niagara Street, Buffalo, NY 14213. He listed himself as President of the company and listed **SEAN MCVICAR** as Director of Corporate Affairs. He listed the product sold as "identity theft & Guaranteed Credit Card."

K. Between roughly October, 2001 and July, 2002, telemarketers in Barrie were trained by **SEAN MCVICAR**, and later by Shannon Rooney to sell a credit card with a credit limit. Unsolicited outbound telephone calls were then made to residents of the United States, including residents of the Southern District of Illinois.

L. Between roughly October, 2001, and July, 2002, as a result of telemarketing sales made by First American, fulfillment packages were sent by United States Mail to residents of the United States, including residents of the Southern District of Illinois.

M. Sometime between October, 2001 and June 2002, **BRIAN KENT**, in the presence of **STEVEN WINTER**, met with the telemarketing sales representatives in Barrie, Ontario, and threatened all of them with being fired unless they increased their level of sales.

N. Sometime between October, 2001 and June, 2002, **STEVEN WINTER** took two of his most productive telemarketers from Barrie to Toronto to conduct a training session for telemarketing sales representatives. During the training, the Barrie telemarketers counseled the trainees to be very aggressive on the phone. They also trained them in the use a sales technique they developed referred to as the "red flag," which was very effective in closing sales. That technique involved telling the customer that in the event that they did not agree to make the payment solicited by First American that their file would be "red flagged," claiming that other credit card companies would not "waste their time" looking at any future application for a credit card submitted by the consumer.

O. Sometime around December, 2001, **CARRIE REID**, **BRIAN KENT** and **STEVEN WINTER** participated in multiple conference calls with Michael and Teresa Evans, and Kenneth Patton of PPS regarding the volume of consumer complaints that PPS had been receiving, with many customers reporting that they had not received the credit cards they had been promised. During the conference calls, **KENT** and **WINTER** screamed at PPS demanding that PPS release the money that it had been holding against potential chargebacks.

P. On or about January 18, 2002, **CARRIE REID**, acting as a verification officer for First American, a subsidiary of Credit Express, in response to a consumer who asked

her directly, “is this really legit?” replied “absolutely.” The consumer also asked, “Am I really gonna get a card?” to which she responded “Yes you are, absolutely.”

Q. On or about November 18, 2002, **CARRIE REID**, on behalf of United Card Services, executed an agreement with Digital Holdings for ACH processing. **REID** signed as a director and listed her ownership of the company at “100%.”

R. On or about March 13, 2003, **CARRIE REID** sent an email to Louis Dachis of Digital Holdings, addressing the complaint of a consumer who had been attempting to obtain a refund from one of United Card Service’s telemarketing operations. In the email, **REID** acknowledged that “they [the UCS boilerroom] have done nothing but lie to him [the consumer]...”

All in violation of Title 18, United States Code, Section 371.

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Count 2 - Conspiracy  
18 U.S.C. § 1349**

54. Paragraphs 1 through 50 are realleged.

55. From on or about April 2003 through June 2004, in the Southern District of Illinois and elsewhere, the defendants,

**STEVEN WINTER,  
BRIAN KENT,  
CARRIE REID, and  
SEAN MCVICAR,**

together with Prime America Benefits, Advantage Plus, Coast to Coast Travel, together with others known and unknown, did unlawfully, willfully, and knowingly combine, conspire,

confederate and agree among themselves and each other to commit certain offenses against the United States as follows:

A. To devise a scheme and artifice to defraud and to obtain money or property by means of false pretenses, and for the purpose of executing and in order to effect the scheme, to knowingly cause to be sent and delivered by the United States Postal Service and by commercial interstate carrier, benefits packages, mail and mail matter to various residents of the Southern District of Illinois, in violation of Title 18, United States Code, Section 1341.

B. To devise a scheme and artifice to defraud and to obtain money or property by means of false pretenses, for the purpose of executing and in order to effect the scheme, to knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, interstate and international telephone calls, and signs and signals, all in violation of Title 18, United States Code, Section 1343.

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

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Counts 3-7 - Mail Fraud  
18 U.S.C. § 1341**

56. Paragraphs 1 through 50 are hereby realleged.

57. On or about the dates listed below, within the Southern District of Illinois, and elsewhere, the defendants,

**STEVEN WINTER,  
BRIAN KENT,  
CARRIE REID, and  
SEAN MCVICAR,**

having devised the above-described scheme and artifice to defraud and to obtain money or property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing the scheme and attempting so to do, did knowingly cause to be sent and delivered by the United States Postal Service or commercial interstate carrier, correspondence addressed to the residents of the Southern District of Illinois to the places and in the manner described in the respective Count:

<b>Count</b>	<b>Date</b>	<b>From</b>	<b>To</b>	<b>Victim</b>	<b>Method</b>
3	05-04-2002	First American	Alton, Madison County	JLB	Mail
4	03-12-2003	United Card Services	Golconda, Pope County	DK	Mail
5	04-17-2003	United Card Services	East St. Louis, St. Clair County	JB	Mail
6	12-31-2003	Advantage Plus	Mt. Vernon, Jefferson County	CM	Mail
7	01-21-2004	Advantage Plus	Mt. Vernon, Jefferson County	CM	FedEx

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

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Counts 8-11 - Wire Fraud  
18 U.S.C. § 1343**

58. Paragraphs 1 through 50 are realleged.

59. On or about the dates listed below, within the Southern District of Illinois and elsewhere, the defendants,

**STEVEN WINTER,  
BRIAN KENT,  
CARRIE REID, and  
SEAN MCVICAR,**

having devised the above-described scheme and artifice to defraud and to obtain money or property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing the scheme and attempting so to do, did knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, signs and signals, that is unsolicited international telemarketing phone calls, which calls were placed from the Province of Ontario, Canada, to the Southern District of Illinois and simultaneously recorded by a third party verification service in Mesa, Arizona, as is set forth in the respective Count:

Count	Date	To	Victim
8	05-10-2002	Belleville, St. Clair County	RR
9	04-04-2002	Alton, Madison County	JLB
10	04-29-2002	Godfrey, Madison County	VM
11	08-26-2002	Wood River, Madison County	KW

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

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Counts 12-14 - Wire Fraud  
18 U.S.C. § 1343**

60. Paragraphs 1 through 50 are realleged.

61. On or about the dates listed below, from Massac County, within the Southern District of Illinois, the defendants

**STEVEN WINTER and  
SEAN MCVICAR,**

having devised the above described scheme and artifice to defraud and to obtain money or property by means of false pretenses, for the purpose of executing and in order to effect the

scheme, did knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, signs and signals, that is, wire transfers from the National State Bank of Metropolis, to a bank account in Dallas Texas, and from there, to their bank accounts in Canada.

Count	Date	Amount
12	06-05-2000	\$52,000.00
13	07-19-2000	\$100,000.00
14	08-18-2000	\$401,441.91

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

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Counts 15-20 - Wire Fraud  
18 U.S.C. § 1343**

62. Paragraphs 1 through 50 are realleged.

63. On or about the dates listed below, from the places within the Southern District of Illinois described below, the defendants,

**STEVEN WINTER,  
BRIAN KENT,  
CARRIE REID, and  
SEAN MCVICAR,**

having devised the above-described scheme and artifice to defraud and to obtain money or property by means of false and fraudulent pretenses, for the purpose of executing the scheme and attempting so to do, did knowingly cause to be transmitted by means of wire or radio communication in interstate and foreign commerce, signs and signals, that is, ACH debit



transfers from bank accounts of consumers in the Southern District of Illinois, to banks outside the State of Illinois, and to Canada.

Count	Date	Amount \$	Wire From	Wire To	Victim
15	04-04-2002	199.00	East Alton, IL (Madison)	Minneapolis, MN	JLB
16	11-22-2002	249.00	Wood River, IL (Madison)	Minneapolis, MN	KW
17	02-17-2003	249.00	Edwardsville, IL (Madison)	Minneapolis, MN	CV
18	03-03-2003	249.00	Metropolis, IL (Massac)	Minneapolis, MN	DK
19	12-03-2003	249.00	Alton, IL (Madison)	Minneapolis, MN	CJ
20	02-26-2003	249.00	Fairview Heights, IL (St. Clair)	Minneapolis, MN	JB

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

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Count 21 - False and Fictitious Address in Furtherance of Mail Fraud  
18 U.S.C. §1342**

64. Paragraphs 1 through 50 are realleged
65. The telemarketing operations that are the subject of this indictment were all located in Ontario, Canada. To mislead consumers and others about the actual location of the telemarketing operation, defendants created and caused to be created, mail drops in upstate New York, Texas, Arizona, Oklahoma, and Florida. The mail drops allowed them to have mail delivered to an address in the United States and then forwarded from the United States to his offices in Canada, without disclosing that the operation was actually located in Canada.

66. Telemarketers were coached into giving the address of one of the mail drops in the United States as the “head office” of the respective company. This was to mislead the consumer into thinking that they were dealing with a business located in the United States. Defendants did not maintain a functioning office at the locations, had no employees, phone lines, office equipment, and occupied no physical space at the facilities.

67. The Buffalo “office” consisted of a mail tub near the front office door of a truck storage warehouse facility into which mail was thrown when received from the Postal Service. The mail was picked up on an irregular basis by a Canadian driver who operated a small cross border delivery service. The mail was then forwarded to defendants in Toronto.

68. The Batavia “office” was a mail forwarding service housed in a former farm tractor factory in Batavia, New York.

69. The Oklahoma City, Oklahoma “office” was a commercial mail receiving agency (CMRA) which in fact had no agreement to receive mail for **WINTER**’s companies.

70. The Colleyville, Texas “office” was established at a CMRA by a housewife who periodically picked up mail and forwarded it to **WINTER** in Canada.

71. Between on or about the 1<sup>st</sup> day of September, 1999, and continuing until the 30<sup>th</sup> day of June, 2004, in Massac, St. Clair, Madison, and other counties, within the Southern District of Illinois,

**STEVEN WINTER,  
BRIAN KENT,  
CARRIE REID, and  
SEAN MCVICAR,**

having devised a scheme and artifice to defraud and to obtain money or property by means of false pretenses, and for the purposes of conducting, promoting, and carrying on said scheme by

means of the Postal Service, used and assumed a false and fictitious address other than their proper address, all in violation of Title 18, United States Code, Sections 1342 and 2.

The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Count 22 - Bank Fraud  
18 U.S.C. §1344**

72. Paragraphs 1 through 50 are realleged

73. At all times relevant to this complaint, the National State Bank of Metropolis was a bank whose deposits were insured by the Federal Deposit Insurance Corporation.

74. Between on or about the first day of September, 1999 and continuing at least until the 31<sup>st</sup> day of January, 2002, in Massac County, within the Southern District of Illinois,

**STEVEN WINTER and  
SEAN MCVICAR,**

knowingly executed and attempted to execute, a scheme and artifice to obtain the moneys, funds, credits, and other property owned by and under the custody and control of the National State Bank of Metropolis, by means of false and fraudulent pretenses, representations and promises.

All in violation of Title 18, United States Code, Section 1344.


The offense occurred in connection with the conduct of telemarketing, punishable under Title 18, United States Code, Sections 2326(1) and (2).

**Forfeiture Allegation**

75. As a result of the foregoing offenses as described in Counts 1 through 22 of this Complaint, said counts referring to offenses involving telemarketing, the defendants shall forfeit to the United States, pursuant to Title 18, United States Code Section 982(a)(8), any real or personal property - (A) used or intended to be used to commit, to facilitate, or to promote the

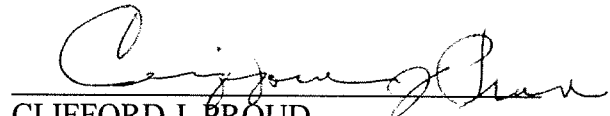
commission of any or each of said offenses, (B) constituting, derived from, or traceable to the gross proceeds that the defendants obtained directly or indirectly as a result of any or each of said offenses. Said property shall include, but not be limited, to, proceeds of \$10,000,000.00 in United States funds.

All in violation of Title 18, United States Code, Section 982(a)(8).

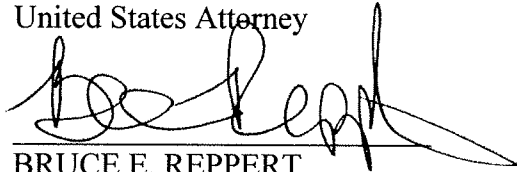
  
PETER D. SULLIVAN  
Postal Inspector  
United States Postal Inspection Service

State of Illinois        )  
                                  )        SS.  
County of St. Clair    )

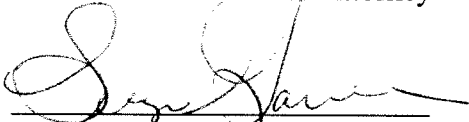
Sworn to before me and subscribed in my presence on the 17<sup>th</sup> day of August, 2004 at East St. Louis, Illinois.

  
CLIFFORD J. PROUD  
United States Magistrate Judge

RONALD J. TENPAS  
United States Attorney



BRUCE E. REPERT  
Assistant United States Attorney



SUZANNE GARRISON  
Assistant United States Attorney