

★ OCT 25 2018 ★

LONG ISLAND OFFICE

ALB:CNR/JWB/AEF
F. #2016R00349

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

----- X

UNITED STATES OF AMERICA

- against -

PATRICE RUNNER,
Defendant.

----- X

THE GRAND JURY CHARGES:

INDICTMENT

CR 18 578
Cr. No. 18 578

(T. 18, U.S.C., §§ 981(a)(1)(C),
982(a)(1), 982(b)(1), 1341, 1343,
1349, 1956(a)(2), 1956(h), 1957(b), 2
and 3551 et seq.; T. 21, U.S.C.,
853(p); T. 28, U.S.C., § 2461(c))

BY **SEYBERT, J.**

BROWN, M. J.

INTRODUCTION

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

I. The Defendant and His Direct-Mail Operation

1. From approximately January 1994 through November 2014, both dates being approximate and inclusive, the defendant PATRICE RUNNER, together with others, engaged in a direct-mail operation based in Montreal, Canada, that sent fraudulent letters to consumers throughout the United States and Canada (the "Direct Mail Operation"). The letters falsely and fraudulently purported to be individualized communications from one or more world-renowned psychics. The letters induced consumers (the "Victims") to pay fees in exchange for purportedly personalized astrological services or for supposedly unique and supernatural objects. The letters, in fact, were mass-produced form letters, not from psychics, and the Victims received no services or unique and supernatural objects after submitting payments.

2. From at least as early as 2000, the Canadian corporation 9097-9394 Quebec Inc., doing business as Infogest Direct Marketing (“Infogest”), administered the Direct Mail Operation. Employees of Infogest worked at the direction of the defendant PATRICE RUNNER to handle many of the daily operations of the scheme, including working with third-party vendors to print and mail the letters, tracking responses and payments by the Victims, maintaining and updating the scheme’s mailing lists and identifying new Victims by renting and trading mailing lists with other direct mailers.

3. The defendant PATRICE RUNNER and his co-conspirators used a series of different company names (collectively, “the Shell Companies”) to hide their involvement in the scheme. The Shell Companies included Canadian registered corporations doing business as “National Parapsychology Center” and “Zodiac Zone,” among other names, and two Hong Kong registered companies, Destiny Research Group, Ltd. (“DRG”) and Destiny Research Center, Ltd. (“DRC”).

4. The defendant PATRICE RUNNER resided in various countries during the course of the scheme, including Canada, Switzerland, France, the Netherlands, Costa Rica and Spain. RUNNER managed the Direct Mail Operation, including directing the activities of employees of Infogest, while hiding his involvement by using the Shell Companies.

II. The Fraudulent Psychic Mailing Scheme

A. The Fraudulent Letters

5. As part of the scheme, the defendant PATRICE RUNNER, together with others, caused deceptive letters to be sent to the Victims, who were often elderly and vulnerable. The letters fraudulently represented that the Victims would receive personalized

letters from a world-renowned psychic offering to help the Victims achieve good luck or material benefits, or to avoid bad fortune, illness, or other negative outcomes. Nearly all of the letters appeared to come from one of two French psychics, Psychic A and Psychic B. The object and purpose of the scheme was to obtain money from the Victims by means of these false and fraudulent statements and material concealments of fact in the letters.

6. The defendant PATRICE RUNNER and his co-conspirators, together with others, wrote and edited the direct-mail letters. The letters fraudulently represented that a psychic had visions and otherwise determined through the use of psychic powers that the Victim had the opportunity to achieve great wealth and happiness or to avoid illness or bad fortune with the psychic's assistance. The scheme included dozens of different letter campaigns, offering different services and objects to the Victims. The letters appeared personalized, repeatedly referring to the recipient by name and often containing portions that appeared handwritten. In truth and in fact, the letters were mass-produced form letters that were not sent by Psychic A or Psychic B, who had no involvement in sending the letters or receiving responses from the Victims.

7. Contrary to the representations in the letters that the psychic had a specific vision concerning the Victim that led the psychic to write the letter, the conspirators obtained most of the Victims' names and addresses from mailing lists. The defendant PATRICE RUNNER worked with co-conspirators to identify new recipients of the mass-mailed letters by renting and trading mailing lists with other direct mailers, including other mailers sending fraudulent psychic letters.

8. The fraudulent letters directed the Victims to send a payment – usually \$5 to \$50 – to purchase various purportedly unique and supernatural objects, or additional

purportedly personalized astrological services and studies. In truth and in fact, the purportedly unique and supernatural objects were mass produced trinkets and the psychics did not provide any personalized astrological services or studies.

9. Many of the fraudulent letters directed the Victims to return personal items, including photographs, palm prints and locks of hair, and represented that the psychic would use those items to conduct additional personalized rituals and astrological services.

10. When a Victim responded to the fraudulent letters by returning a payment or other requested personal items, the defendant PATRICE RUNNER and his co-conspirators caused numerous additional follow-up or “back end” letters to be sent to that Victim purportedly from Psychic A and/or Psychic B. These letters purported to describe additional visions, offered additional services and unique and supernatural objects, and sought additional payments – usually \$20 to \$50 – from the Victim. Victims who sent a payment in response to one fraudulent letter received as many as 30 to 40 of these back end letters in a single six-month mailing cycle. Many Victims received more than 100 fraudulent letters from the scheme.

11. Through the execution of the fraudulent scheme, the defendant PATRICE RUNNER and his co-conspirators caused millions of these fraudulent letters to be sent by United States mail, private commercial carrier and foreign mail to the Victims throughout the United States, including in the Eastern District of New York, as well as in Canada.

B. Use of Mailboxes and Handling of Mail in the Eastern District of New York

12. In furtherance of the scheme, the defendant PATRICE RUNNER, together with others, rented and maintained private mailboxes in multiple locations,

including Morristown, New Jersey; Forest Hills, New York; Everett, Massachusetts; Medford, Massachusetts; Sparks, Nevada; and Chicago, Illinois. The mailboxes were opened in the names of the various Shell Companies.

13. The fraudulent letters included pre-printed return envelopes addressed to Psychic A or Psychic B, in the care of one of the Shell Companies, at the address of one of the private mailboxes. Following the instructions in the fraudulent letters, the Victims sent correspondence and payments, along with other items requested by the letters, such as photographs, palm prints and locks of hair, to the addresses on the pre-printed envelopes.

14. Defendant PATRICE RUNNER's co-conspirators provided instructions that all mail arriving from the Victims at the private mailboxes should be sent to a "caging service," which is a company that receives and handles return mail, payments, and correspondence on behalf of a direct mailer. From at least as early as 1998 through November 2014, the direct-mail operation used a caging service located in Deer Park, New York, in the Eastern District of New York.

15. When responses from Victims arrived at the caging service, employees opened and sorted the mail according to instructions from the defendant PATRICE RUNNER's co-conspirators. The caging service removed Victim payments from the response envelopes. After removing the payments, caging service employees threw the vast majority of responses from Victims in the trash, including personal letters from the Victims to the purported psychics and other items sent by the Victims, such as photographs, palm prints and locks of hair.

C. Bank Accounts and Payment Processor Accounts for the Direct-Mail Operation

16. It was also part of the scheme that the defendant PATRICE RUNNER, together with others, opened accounts with a payment processing company in Canada in the names of the Shell Companies.

17. The caging service forwarded Victim payments to the payment processing company in Canada using multiple methods. At times, the caging service deposited cash received from the Victims into bank accounts controlled by the caging service. To transfer the cash proceeds, employees of the caging service then wrote checks to one of the Shell Companies and sent those checks to the payment processing company. Also at times, the caging service sent checks and money orders received from the Victims to the payment processing company by mail and private commercial carrier; checks and money orders were also scanned and transmitted to the payment processing company electronically. The caging service also at times provided Victims' credit card information to the payment processing company, which handled processing of credit card payments.

18. The defendant PATRICE RUNNER and his co-conspirators sent and caused to be sent instructions to the payment processing company to disburse the proceeds of the fraud scheme through wire transfers. RUNNER and his co-conspirators directed wire transfers to bank accounts controlled by RUNNER and other co-conspirators at banks in Switzerland, Liechtenstein and other countries, as well as to pay co-conspirators and vendors that provided various services to the Direct Mail Operation.

19. From in or about and between January 1994 and November 2014, the Direct Mail Operation received more than \$180 million from more than one million Victims

in the United States, many of whom were elderly and vulnerable. The defendant PATRICE RUNNER and his co-conspirators used this money to enrich themselves and to promote the Direct Mail Operation.

COUNT ONE

(Conspiracy to Commit Mail Fraud and Wire Fraud)

20. The allegations contained in paragraphs one through 19 are realleged and incorporated as if fully set forth in this paragraph.

21. In or about and between January 1994 and November 2014, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant PATRICE RUNNER, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud the Victims, and to obtain money and property from the Victims by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to (a) place and cause to be placed one or more matters and things in a post office and authorized depository for mail matter, to be sent and delivered by the United States Postal Service, and to deposit and cause to be deposited one or more matters and things to be sent and delivered by private and commercial interstate carrier, and to take and receive therefrom one or more such matters and things, contrary to Title 18, United States Code, Section 1341, and (b) transmit and cause to be transmitted, by means of wire communication in interstate or foreign commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNTS TWO THROUGH THIRTEEN
(Mail Fraud)

22. The allegations contained in paragraphs one through 19 are realleged and incorporated as if fully set forth in this paragraph.

23. In or about and between January 1994 and November 2014, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant PATRICE RUNNER, together with others, did knowingly and intentionally devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did place and cause to be placed one or more matters and things in a post office and authorized depository for mail matter, to be sent and delivered by the United States Postal Service, and did deposit and cause to be deposited one or more matters and things to be sent and delivered by private and commercial interstate carrier, and did take and receive therefrom such matters and things, as set forth below:

| Count | Approximate Date | Description |
|--------------|-------------------------|--|
| TWO | December 2013 | Payment from Victim B.S., sent by private interstate carrier to caging service in Deer Park, New York |
| THREE | January 2014 | Letter purporting to be from Psychic A, sent by United States mail to Victim I.W. in Farmingdale, New York |
| FOUR | February 2014 | Payment from Victim J.D., sent by private interstate carrier to caging service in Deer Park, New York |
| FIVE | February 2014 | Payment from Victim W.G., sent by private interstate carrier to caging service in Deer Park, New York |

| | | |
|----------|--------------|--|
| SIX | March 2014 | Payment from Victim B.C., sent by private interstate carrier to caging service in Deer Park, New York |
| SEVEN | March 2014 | Letter purporting to be from Psychic A, sent by United States mail to Victim F.B. in Farmingdale, New York |
| EIGHT | April 2014 | Letter purporting to be from Psychic B, sent by United States mail to Victim B.D. in Arverne, New York |
| NINE | May 2014 | Payment from Victim K.A., sent by private interstate carrier to caging service in Deer Park, New York |
| TEN | June 2014 | Payment from Victim M.Sm., sent by private interstate carrier to caging service in Deer Park, New York |
| ELEVEN | August 2014 | Payment from Victim M.So., sent by private interstate carrier to caging service in Deer Park, New York |
| TWELVE | August 2014 | Payment from Victim S.W., sent by private interstate carrier to caging service in Deer Park, New York |
| THIRTEEN | October 2014 | Letter purporting to be from Psychic A, sent by United States mail to Victim K.E. in Calverton, New York |

(Title 18, United States Code, Sections 1341, 2 and 3551 et seq.)

COUNTS FOURTEEN THROUGH SEVENTEEN
(Wire Fraud)

24. The allegations contained in paragraphs one through 19 are realleged and incorporated as if fully set forth in this paragraph.

25. In or about and between January 1994 and November 2014, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant PATRICE RUNNER, together with others, did knowingly and intentionally devise a scheme and artifice to defraud and to obtain money and property by means of materially

false and fraudulent pretenses, representations and promises, and for the purposes of executing such scheme and artifice did transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, one or more writings, signs, signals, pictures and sounds, as set forth below:

| Count | Approximate Date | Description |
|--------------|-------------------------|---|
| FOURTEEN | April 14, 2014 | Wire transfer of \$49,089.20 from payment processing company in Canada to caging service in Deer Park, New York |
| FIFTEEN | May 2, 2014 | Wire transfer of \$31,473.99 from payment processing company in Canada to caging service in Deer Park, New York |
| SIXTEEN | May 13, 2014 | Wire transfer of \$41,027.86 from payment processing company in Canada to caging service in Deer Park, New York |
| SEVENTEEN | May 30, 2014 | Wire transfer of \$33,344.66 from payment processing company in Canada to caging service in Deer Park, New York |

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

COUNT EIGHTEEN

(Conspiracy to Commit Money Laundering)

26. The allegations contained in paragraphs one through 19 are realleged and incorporated as if fully set forth in this paragraph.

27. In or about and between January 1994 and November 2014, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the

defendant PATRICE RUNNER, together with others, did knowingly and intentionally conspire to:

(a) 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 (i) 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, and (ii) knowing that the funds involved in the transportation, transmission and transfer would represent the proceeds of some form of unlawful activity and knowing that such transportation, transmission and transfer would be designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of specified unlawful activity, contrary to Title 18, United States Code, Sections 1956(a)(2)(A) and 1956(a)(2)(B)(i); and

(b) engage and attempt to engage in monetary transactions in and affecting interstate and foreign commerce, including deposits, withdrawals and transfers of funds and monetary instruments, in criminally derived property that was of a value greater than \$10,000 and that was derived from 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, contrary to Title 18, United States Code, Section 1957.

(Title 18, United States Code, Sections 1956(h), 1956(a)(2), 1957(b) and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS ONE THROUGH SEVENTEEN

28. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged in Counts One through Seventeen, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

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

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be

divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNT EIGHTEEN

30. The United States hereby gives notice to the defendant that, upon his conviction of the offense charged in Count Eighteen, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offense to forfeit any property, real or personal, involved in such offense, or any property traceable to such property.

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

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be

divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any

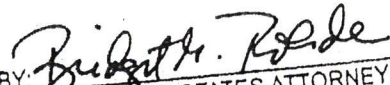
other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

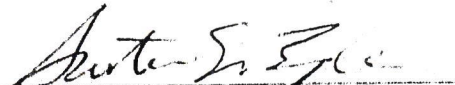
(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL


FOREPERSON

RICHARD P. DONOGHUE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

BY: 
ACTING UNITED STATES ATTORNEY
PURSUANT TO 28 C.F.R. 0.136


GUSTAV W. EYLEK
ACTING DIRECTOR
CONSUMER PROTECTION BRANCH

No.

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

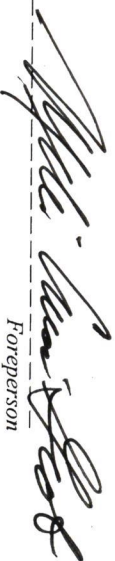
PATRICE RUNNER,

Defendant.

INDICTMENT

(T. 18, U.S.C., §§ 981(a)(1)(C), 982(a)(2), 982(b)(1), 1341, 1343,
1349, 1956(a)(2), 1956(h), 1957(b), 2 and 3551 et seq.; T. 21, U.S.C., §
853(p); T. 28, U.S.C., § 2461(c).)

A true bill.


Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Charles Rose, Assistant U.S. Attorney (631) 715-7866