

UNITED STATES DISTRICT COURT

for the
District of Minnesota

IN THE MATTER OF THE SEARCH OF 1185
CONCORD STREET N., SUITES 228 AND 233,
SOUTH ST. PAUL, MINNESOTA 55075, AS
FURTHER DESCRIBED IN ATTACHMENT A-3

SEALED BY ORDER OF THE COURT

Case No. *20-mj-98 HB*

APPLICATION FOR A SEARCH WARRANT

I, John Western, a federal law enforcement officer or an attorney for the government, request a search warrant and state under penalty of perjury that I have reason to believe that on the following person or property:

See Attachment A-3, incorporated here

located in the State and District of Minnesota, there is now concealed:

See Attachment B-3, incorporated here

The basis for the search under Fed. R. Crim. P. 41(c) is *(check one or more)*:

- evidence of a crime;
- contraband, fruits of crime, or other items illegally possessed;
- property designed for use, intended for use, or used in committing a crime;
- a person to be arrested or a person who is unlawfully restrained.

The search is related to a violation of:

<u>Code Section</u>	<u>Offense Description</u>
Title 18, United States Code, Section 1341	Mail Fraud
Title 18, United States Code, Section 1343	Wire Fraud
Title 18, United States Code, Section 1349	Conspiracy to Commit Mail or Wire Fraud

The application is based on these facts:

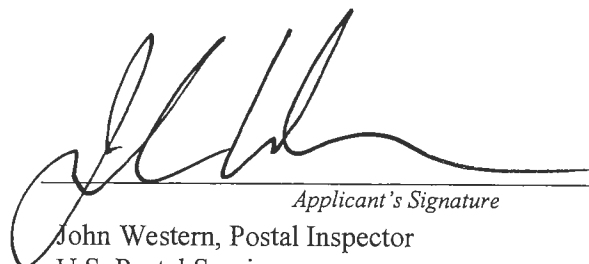
See Affidavit, incorporated here

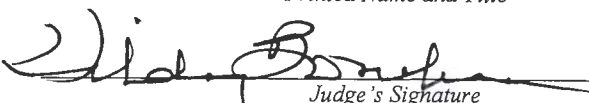
Continued on the attached sheet.

Sworn to before me and signed in my presence.

Date: 2/24/2020

City and State: St. Paul, MN


 Applicant's Signature
 John Western, Postal Inspector
 U.S. Postal Service


 Judge's Signature
 The Honorable Hildy Bowbeer
 United States Magistrate Judge

Printed Name and Title

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY) AFFIDAVIT OF JOHN WESTERN

Your affiant, John Western, being duly sworn, does state the following is true and correct to the best of his knowledge and belief:

1. I have been employed as a U.S. Postal Inspector with the United States Postal Inspection Service for approximately 12 years. I am currently assigned to the Mail Fraud Team at the Denver Division, Twin Cities Field Office in Minneapolis, Minnesota.

2. As part of my duties as a U.S. Postal Inspector, I investigate the use of the U.S. Mails to illegally facilitate fraud schemes and other illegal activities. As part of this assignment, I received formal training from the U.S. Postal Inspection Service and training through contact with experts from various law enforcement agencies. I have received training in the enforcement of laws, and investigation of criminal fraud activity. I have conducted and participated in criminal investigations utilizing the normal methods of investigation.

3. During my employment as a Postal Inspector, I have conducted and participated in numerous criminal investigations of various financial schemes involving securities fraud, mail fraud, wire fraud, Ponzi schemes, money laundering, and other criminal acts, including criminal schemes where individuals misappropriate money from the investing public. Furthermore, in the course of my training and experience, I have become familiar with the types of records businesses

typically maintain in the course of their regular activity, including ledgers, journals, invoices, receipts, and bank documents.

4. Based upon my work experience and training, as well as discussions with law enforcement agents, I know that:

a. Businesses generally maintain or keep journals, ledgers, bank statements and records, receipts, invoices and other documents evidencing the receipts and disbursements of funds, inventories, assets of the business and personnel information. These records are usually kept and maintained for extended periods of time, often several years, at the place of business or residence. I know from previous investigations that such records are also often maintained at the residence of subjects.

b. Individuals, including those receiving income from fraud schemes, often maintain within their residence records of assets and financial transactions. These items often include financial statements, receipts, invoices, bank statements and records, bank money order and cashier's check receipts, property records, investment records, assets, stock and bond records, tax records, correspondence, diaries, and handwritten notes. These records are often maintained for extended periods of time, often several years.

c. Due to the increasing prevalence of electronic communications and storage, paper records can be converted and stored electronically. As a result, any record or document could be found in either paper or electronic format.

d. Almost all wire transfers, even intrastate wire transfers, cross state lines.

5. This affidavit is submitted in support of an application for warrants to search:

a. The business office located at 6730 Walker Street, St. Louis Park, Minnesota 55426 ("**Subject Premises 1**"), as further described in Attachment A-1;

b. The business office located at 500 73rd Avenue NE, Suite 116, Fridley, Minnesota 55432, ("**Subject Premises 2**"), as further described in Attachment A-2;

c. The business office located at 1185 Concord Street N., Suites 228 and 233, South St. Paul, Minnesota 55075 ("**Subject Premises 3**"), as further described in Attachment A-3;

d. The business office located at 7671 Central Avenue NE, Suites 203, 205, and 208, Fridley, Minnesota 55432 ("**Subject Premises 4**"), as further described in Attachment A-4; and

e. The business office located at suite 14260 23rd Avenue N., Plymouth, Minnesota 55447 ("**Subject Premises 5**"), as further described in Attachment A-5 (collectively, the "**Subject Premises**");

for evidence, fruits, and instrumentalities of violations of Title 18, United States Code, Sections 1341 (mail fraud), 1343 (wire fraud), and 1349 (conspiracy to commit mail or wire fraud).

6. This affidavit is based on my personal knowledge, interviews of witnesses, physical surveillance, information received from other law enforcement agents, my experience and training, and the experience of other agents. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of a search warrant for the Subject Premises, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that evidence, instrumentalities, and fruits of violations of Title 18, United States Code, Sections 1341, 1343, and 1349 are located at the Subject Premises.

I. LOCATIONS TO BE SEARCHED

A. Subject Premises 1

7. **Subject Premises 1** is the business office located at 6730 Walker Street in St. Louis Park, Minnesota 55426.

8. According to Minnesota Secretary of State records, Midwest Publishers Home Office Inc., also known as Midwest Publishers, is located at **Subject Premises 1**.

9. U.S. Postal Service records show that, on August 18, 2018, Midwest Publishers Home Office submitted a change of address to **Subject Premises 1**.

10. Starting in February of 2019, and at various times throughout 2019 and early 2020, FBI surveillance personnel observed the employees and vehicles of employees associated with Midwest Publisher's Home Office Inc. and Midwest Publishers Inc. at **Subject Premises 1**.

11. On September 19, 2019, Monica Hanssen exchanged emails with the tenant of **Subject Premises 1** related to improvements to the office spaces.

12. According to U.S. Postal Service records, on or about December 18, 2019, Monica Hanssen received a package addressed to **Subject Premises 1**.

13. On December 26, 2019, Monica Hanssen, along with other individuals associated with Midwest Publisher's Home Office Inc. and Midwest Publishers Inc. were observed coming and going from **Subject Premises 1** during normal business hours between 8:30 am and 5:00 pm.

B. Subject Premises 2

14. **Subject Premises 2** is the business office located at 500 73rd Avenue NE, Suite 116, Fridley, Minnesota 55432. Central Subscription Service Ltd. and Westside Readerz Inc. are located at **Subject Premises 2**.

15. Minnesota Secretary of State records show that both Central Subscription Service, Ltd. and West Side Readerz Inc. are active Minnesota corporations located at **Subject Premises 2**. According to Minnesota Secretary of State records, Jared Michelizzi is the chief executive officer of both Central Subscription Service, Ltd. and West Side Readerz Inc.

16. On or about November 18, 2019, a USPS Priority mail package addressed to Westside Reader, Attn Jared Michellizi was delivered to **Subject Premises 2**.

17. On or about December 6, 2019, FBI surveillance agents observed a black GMC Yukon bearing Minnesota license plate BHF274 arrive at the building in which **Subject Premises 2** is located. According to surveillance agents, the driver was an

adult male who resembled Michellizzi. The black GMC Yukon is registered to Michelizzi.

18. On or about January 21, 2019, surveillance agents observed the same black GMC Yukon, Minnesota license BHF274, in the parking lot of 500 73rd Avenue NE, just outside Suite 116.

C. Subject Premises 3

19. **Subject Premises 3** is the business office located at 1185 Concord Street N., Suites 228 and 233, South St. Paul, Minnesota 55075. Readers Club Home Office Inc. ("RCHO") and Pacific Renewal Services LLC are located at **Subject Premises 3**.

20. Minnesota Secretary of State records show that RCHO is an active corporation located at **Subject Premises 3**. According to Secretary of State records, Brian Williams is the CEO and registered agent of RCHO.

21. On or about January 16, 2020, the Postal Inspection Service confirmed mail addressed to RCHO is being delivered to **Subject Premises 3**.

22. On December 31, 2019, an employee of RCHO contacted the FBI. She told agents that RCHO had changed its name several times and that it was currently operating as Pacific Renewal Service. Law enforcement spoke with an RCHO employee, Individual S, who said that RCHO/Pacific Renewal Service was located at **Subject Premises 3**.

23. On or about February 10, 2020, a postal inspector conducted surveillance at **Subject Premises 3**. The postal inspector saw that the building directory listed RCHO as being located in Suites 228 and 233 (a/k/a **Subject**

Premises 3). A sign near the entrance to suite 228 reads “Readers Club Home Office.” The entrance to suite 233 has a sign that says “Reader’s Club.”

D. Subject Premises 4

24. **Subject Premises 4** is the business offices located at 7671 Central Ave NE, Suites 203, 205, and 208, Fridley, Minnesota 55432. Amerimag Services Inc., Amerimag Service Center, and General Subscription Services are located at **Subject Premises 4.**

25. Minnesota Secretary of State records show that Amerimag Services Inc., Amerimag Service Center, and General Subscription Services are active Minnesota companies. According to Minnesota Secretary of State records, Stacey L. Persons is the CEO of both Amerimag Services Inc., and General Subscription Services, Inc. and Samuel Granberry is the registered agent of Amerimag Service Center Inc. According to public records, Samuel Granberry is Stacey L. Persons’s husband. Persons now goes by Stacey L. Granberry.

26. Agents executed a federal search warrant on Stacey L. Persons’s email address amerimag @live.com on April 19, 2019. Numerous emails obtained from the search warrant show Persons’s signature block listing the address 7671 Central Ave STE 203 Fridley, MN 55432.

27. According to U.S. Postal Service Change of Address records, effective April 26, 2019, both Amerimag Service Center and General Subscription Services submitted change of address forms related from their moved from at 7671 Central Ave NE #208 to 7671 Central Ave NE #203 in Fridley, Minnsota.

28. On or about December 26, 2019, FBI surveillance personnel observed multiple employees of Amerimag arriving and departing from **Subject Premises 4**'s parking lot. Surveillance also saw a sign reading "Amerimag MFG" hanging outside the door to Suite 203. (Suite 203 and Suite 205 are joined into a single office suite.)

29. On or about February 4, 2020, a female worker from Suite 203 told a Postal Inspector that Amerimag uses Suite 203 and Suite 205. She said that Amerimag also had Suite 208.

30. On or about February 9, 2020, an FBI agent conducted surveillance at **Subject Premises 4**. The building directory listed Amerimag Services as being located in Suites 203, 205, and 208 (a/k/a **Subject Premises 4**).

E. Subject Premises 5

31. **Subject Premises 5** is the business office located at 14260 23rd Avenue N., Suite 14260, Plymouth, Minnesota 55447. All American Readers is located at **Subject Premises 5**.

32. According to Minnesota Secretary of State records, All American Readers is an active Minnesota corporation located at 2230 Edgewood Ave S #3B, St. Louis Park, Minnesota 55426. Secretary of State records show that another corporation, Data Services Inc., is also located at 2230 Edgewood Ave S #3B, St. Louis Park, Minnesota 55426.

33. According to U.S. Postal Service records, however, Data Services Inc. moved to **Subject Premises 5** in or about June 2019. Surveillance conducted during the investigation confirmed that All American Readers also moved from 2230

Edgewood Ave S #3B, St. Louis Park, Minnesota 55426 to **Subject Premises 5** at that time.

34. During the investigation, agents obtained a federal search warrant for an email address used by the CEO of All American Readers, Loren Christopher Hanssen. A review of emails revealed that Loren Christopher Hanssen searched for new office space in the spring of 2019. Specifically, on April 15, 2019 a lease agreement was sent to mrchrishanssen@gmail.com (Loren Christopher Hanssen) detailing the lease agreement for address 14260 23rd Ave North, Plymouth, Minnesota 55447. The lease agreement is to lease **Subject Premises 5** starting June 1, 2019 through May 2026. The lease is in the name of Data Services Inc.

35. According to US Postal Service records, Loren Christopher Hanssen submitted a change of address form for All American Readers in May 2019. The company had previously received mail at both its physical address in St Louis Park as well as at a P.O. Box in St Louis Park. As of May 8, 2019, All American Readers requested that any mail sent to either its physical address or P.O. Box in St Louis Park be forwarded to **Subject Premises 5**.

36. On or about January 31, 2020, an FBI agent conducted surveillance at **Subject Premises 5**. The sign outside **Subject Premises 5** said "ID Theft Pros." As discussed below, ID Theft Pros is another telemarketing company owned and operated by Loren Christopher Hanssen.

37. Surveillance agents have regularly seen a car registered to Loren Christopher Hanssen parked outside **Subject Premises 5**. On December 12, 2019,

for example, agents saw Hanssen arrive at **Subject Premises 5** in a white Genesis sedan bearing Minnesota license plate 487 UUG. According to Minnesota DMV records, this car is registered to Loren Christopher Hanssen. Agents observed Hanssen enter and leave **Subject Premises 5** several times that day.

II. BACKGROUND

38. This warrant relates to an investigation into a nationwide telemarketing fraud scheme involving magazine subscription sales. The scheme is being carried out by companies engaging in a phony and fraudulent magazine subscription solicitation scam. These companies target the elderly and other vulnerable individuals and call them using fraudulent sales scripts designed to defraud them out of hundreds or even thousands of dollars.

39. The companies operate telemarketing call centers from which their employees make calls using deceptive sales scripts designed to defraud victim consumers by inducing them—through a series of lies and misrepresentations—into making large or repeat payments to the companies. The scripts direct employees to falsely and fraudulently claim that they are calling from the victim-consumers' *existing* magazine subscription company about an *existing* magazine subscription. In reality, the companies typically have no legitimate relationship with the victim-consumers and are calling to defraud them.

40. The scripts generally follow one of two approaches. The first approach uses a “payment reduction” script. When using the “payment reduction” script, companies falsely claim to be calling from the victim-consumer's existing magazine subscription company with an offer to reduce the monthly cost of an existing

subscription. In reality, the company has no existing relationship with the victim-consumer and is actually fraudulently signing victim-consumers up for an expensive and entirely new magazine subscription.

41. Second approach uses a “consolidation” script. The “consolidation” script is designed to capitalize on the frustration and desperation of victim-consumers who are being actively defrauded by multiple magazine companies. When using the “consolidation” script, companies falsely claim to be calling from a magazine’s “cancellation department.” In exchange for a large lump-sum payment, the companies offer to consolidate and cancel the victim-consumers existing magazine subscriptions and to pay off a large outstanding account balance. In reality, the companies often have no relationship with the victim-consumer and the victim-consumer does not owe any money to the company. During some of these calls, the telemarketing employees offer sympathy to the victim-consumers and purport to be helping them put a stop to the fraudulent magazine subscriptions that had been plaguing them for years. During other calls, the telemarketers become aggressive and threaten legal action or other consequences if the victim-consumer does not agree to make the payment. In either case, the “consolidation” script preys upon elderly and other vulnerable victims who have been caught up in the fraudulent cycle.

42. The companies work together to carry out their scheme. Among other things, they buy and sell lead lists of victim consumers to one another to defraud many of the same victims over and over again. To date, the investigation has identified more than two dozen companies involved in fraudulent magazine sales

located in a dozen states, including Minnesota, Florida, New York, Georgia, Arizona, California, Missouri, and Kansas, as well as in Canada and Panama. The scheme involves tens of thousands of victims and more than \$200 million in losses.

A. Your Magazine Service, Inc.

43. On or about June 9, 2016, the Minnesota Attorney General’s Office filed a lawsuit alleging that Your Magazine Service, Inc. (“Your Magazine Service” or “YMS”) and its owner, Individual A, operated a fraudulent telemarketing company that preyed on elderly and other vulnerable consumers. In or about November 2017, the court granted summary judgment in favor of the Minnesota Attorney General’s Office and issued a judgment against Individual A in the amount of approximately \$20 million.

44. Following the lawsuit, the FBI and U.S. Postal Inspection Service launched an investigation into Individual A and YMS. In the course of the investigation, agents obtained and reviewed a “payment reduction” script used by Individual A and his employees during the fraudulent sales calls. The script directed employees to fraudulently induce customers into unknowingly signing up for expensive magazine subscription packages that they did not want.

45. Individual A’s script began with the employee falsely claiming that YMS was the consumer’s existing magazine provider. Indeed, the company’s own name—“Your Magazine Service”—misled consumers by falsely suggesting that the consumer had an existing subscription through Individual A’s company, when none existed. The script then directed the employee to falsely claim that the purpose of the call was to provide the consumer with a one-time \$150 credit on the consumer’s existing account:

Hello (Customer) this is (sales person) with your magazine service. I was just calling to check up on the service of your magazines. Are they coming in on time and in good condition? Another reason we called is it does show here that you haven't had any late or missed payments. So I was authorized to give you a payment credit on your account. Now I can't send you back any cash unfortunately, but what I can do is knock three of your monthly payments off and that does save you at least \$150.00 overall. So I just need to update my records and I promise I will let you go.

46. Former YMS employees confirmed that they were aware that the sales script was misleading and false. They were not calling to offer consumers a credit on an existing account (where none existed), but rather to trick them into signing up for a new magazine subscription package.

47. Like many other fraudulent magazine companies, YMS used "closers" to complete the fraudulent sale. The "closer," generally a more experienced employee, followed a separate script. The closer would pretend to be a supervisor who wanted to ensure that the initial sales employee was polite and courteous during the call. The closer then reiterated—falsely—that the purpose of the call was to offer the consumer a \$150 credit on the existing magazine subscription:

YMS CLOSING SCRIPT

Closing order other than your own:

Hello (customer), this is (closer); I'm (salesperson) supervisor. (Salesperson) is a little new here, so I wanted to check, was he/she polite and courteous for you? Great, that's what I like to hear about the new guys/girls. And it looks like he/she has you down for getting a payment credit on the account and knocking three payments off for you. It does save you \$150 overall. Is that how he/she explained it for you? Great, then I'll just finish up the records he/she got started for you and I'll get out of your hair. It looks like he/she has down that you're (age, occupation, married/single, and you rent/own for # of years). Okay, great.

48. The closing script directed the closer to falsely state—for a second time—that YMS was reducing the existing account balance, when in reality YMS actually signed the consumer up for a *new* subscription package:

And it looks like your monthly payments are set up at \$49.90. That hasn't changed any. The only thing that's changed is we knocked three payments off for you so you only have 20 payments remaining, and once those 20 payments are made, you'll have everything paid in full. Now we don't bother you to renew or extend the magazines so if you ever want to do that you will have to call us. And again, after your payment credit today you only have 20 payments remaining of the \$49.90 and you'll be all done. It does save you \$150 overall.

49. In truth, YMS did not have an existing relationship with the consumer, and the consumer did not have *any* existing monthly payments with YMS. Unbeknownst to the consumers (many of whom were elderly), they were then signed up for *new* magazine subscription packages at a price of 20 payments of \$49.90, for a total cost of \$998.

50. Individual A also provided employees with a “rebuttal script” to use when consumers asked questions. If, for example, a consumer stated that she did not want more magazines, the rebuttal script directed the employee to reiterate that the consumer would not be receiving more magazines:

Q) Is this for more magazines? (Or: I don't want any more magazines)

A) Oh, this isn't for any more. This is for what you're already getting. In fact, I have your account here listed as a do not renew account, and what that means is that if you ever wanted to renew or extend your magazines, you would actually have to give us a call or send us something in writing because we won't do that for you automatically. When you're done, you're just going to be done.

51. After confusing the consumer by lying about the nature of the payments, Individual A's script directed the employee to record a final portion of the call, during which the employee “confirmed” that the consumer was purchasing a new magazine

subscription package. But YMS recorded only the final portion of a call, not the earlier portions of the call where the employee falsely represented that the consumer would be receiving a credit and not incurring any new charges. YMS later used the recordings when consumers challenged the bills they received.

B. Individual A is Indicted and Cooperates with the Investigation

52. In December 2018, a grand jury in the District of Minnesota returned an indictment charging Individual A with four counts of mail fraud, in violation of 18 U.S.C. § 1341, and four counts of wire fraud, in violation of 18 U.S.C. § 1343. The indictment alleged that Individual A's employees used his fraudulent script "to sell magazine packages to more than 13,000 people across the United States. Individual A and his company received more than \$10 million from its victim-customers for these magazine subscription packages."

53. Following his indictment, Individual A and his attorney participated in several proffer interviews at the U.S. Attorney's Office.¹ During the proffers, Individual A admitted his guilt. He detailed how he ran YMS in a fraudulent manner designed to confuse and trick victim-consumers into unwittingly signing up for expensive magazine subscription packages. Individual A also described how YMS was

¹ Individual A is cooperating with the investigation in hope of obtaining a reduced sentence in connection with the pending federal mail and wire fraud charges. No promises or representations have been made to Individual A about whether he will receive such a reduction and, if so, what kind of reduction he would receive. In addition to the pending fraud charges, Individual A has several prior criminal convictions, including a 2005 federal conviction for distribution of methamphetamine for which he was sentenced to 30 months in prison and convictions for driving under the influence, disorderly conduct, and multiple convictions for providing false information to police. Individual A previously cooperated in connection with his 2005 federal case. As a result of that cooperation, the government recommended and he received a reduced sentence.

part of a nationwide network of fraudulent magazine companies that worked together—including by trading lead lists—to defraud victims who were extremely vulnerable and susceptible to fraud.

54. At the outset, Individual A explained that many of these magazine companies employ several different business names operating out of the same physical location. The companies use multiple names for two reasons. First, employing multiple business names allows the companies to bill a single customer multiple times using different business names. Second, employing more than one business name allows the companies to avoid detection by state attorney general offices or the Better Business Bureau by spreading out any customer complaints among multiple business names.

55. Individual A said that the buying and selling of customer lists—also known as “lead lists”—is a key component of this scheme. A lead list is a list of potential customers for salespeople to call, often relying on a pre-written sales script.

56. According to Individual A, the best lead lists—that is, the lead lists most likely to contain individuals susceptible to fraud—are so-called PDS or “paid-during-service” lists. PDS lists are lists of consumers who are actively being billed for magazine subscriptions.

57. Many PDS lists identify the magazines to which the individual is currently subscribed and the credit card number or other payment information used to pay for the subscription. Some lead lists are formatted as Excel spreadsheets. Others (known as “handwrites” or “lead sheets”) are templates filled out by hand.

According to Individual A, handwritten PDS lead sheets—like the one below—can sell for up to several dollars per name.

CUSTOMER [REDACTED] LEAD SOURCE: [REDACTED]
 ADDRESS: [REDACTED] DATE: [REDACTED]
 CITY: Covington, STATE: OH
 ZIP: 46123 HOME #: 937- [REDACTED]
 WORK #: [REDACTED] 4942774
 CALLHOLDERS NAME: [REDACTED] APPROVAL CODE #: 02017
 [REDACTED] 16728

BANK INFORMATION
 BANK NAME: [REDACTED] CITY: [REDACTED]
 BRANCH NUMBER: [REDACTED] ACCOUNT NUMBER: [REDACTED]
 BANK PHONE #: [REDACTED] APPROVAL CODE #: [REDACTED] CHECK # [REDACTED]
 BANK BR. #: [REDACTED] APPROVAL CODE #: [REDACTED]

SUBSCRIBER INFORMATION (CIRCLE ONE) SPOUSE INFORMATION
 MALE FEMALE MARRIED SINGLE
 AGE: 38 DATE: [REDACTED]
 OCCUPATION: DISC Jockey TITLE: [REDACTED]
 NAME OF COMPANY: [REDACTED] NAME OF COMPANY: [REDACTED]
 YEAR COME: 1980 YEAR COME: [REDACTED]
 SS #: [REDACTED] SS #: [REDACTED]
 1-HAL ADDRESS: [REDACTED] 2-HAL ADDRESS: [REDACTED]

MAGAZINE TITLE	MAG. CODE	REVIEW INFO
<u>TOP</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N
<u>PHS</u>		R N

Anthony 3-2-11
Rachel 3-2-11

58. Individual A explained that he exchanged lead lists in two ways. First, he traded lead lists with other fraudulent magazine companies. Second, he also purchased lead lists from “lead brokers”—individuals in the business of buying and selling lead lists. Individual A identified several lead brokers with whom he bought and sold PDS lead lists, including Brian Cox, Valarie DeSalvo, Daniel Klibanoff, and Amondo Miller.

59. According to Individual A, “[e]verybody knows the PDS game is dirty.”

C. The Victims of the Fraudulent Scheme

60. During the investigation into YMS, the FBI sent a questionnaire to victims of Individual A’s telemarketing scheme. More than 1,000 individuals completed and returned questionnaires.

61. Many individuals also provided documents of their losses, including credit card and bank statements. Many victims reported that they had been charged by several magazine companies for subscription packages they did not want and to which they had not knowingly subscribed.

62. One elderly victim's son submitted a handwritten letter telling the FBI to "WAKE UP" and realize "there's an entire industry preying on people like [his] mother":

Dear FBI agents,
What 78yr old woman spends \$1402.91 on magazines per year?
My 78yr old mother has battled the magazine (predatory) industry for over 10 years!!! WAKE UP, it's not just YMS, there's an entire industry preying on people like my mother. My mom and I have tried for years to get these predators to stop sending magazines and they just keep coming. My mom has stopped several credit cards only ~~to~~ have these predators crawl back onto the next card she gets. The \$1402.91/year is bad enough, but it's the anxiety and stress that these predators cause her that is an even greater cost. When these predators threaten her about default payments, she is scared to death that their collector people will arrive at her doorstep!!! Think about it, my mother has been battling (and paying) these God awful predators for nearly ALL OF HER RETIREMENT YEARS!!!
[REDACTED] SON

63. Another woman, Nancy F., wrote to the FBI on behalf of her sister-in-law, who is "an elderly, vulnerable adult" who is "slightly developmentally delayed ('slow') and has a history of being deceived by multiple people who have called

her on the phone [under] the guise of selling her magazines.” According to Nancy F., the companies “scared and intimidated” her sister-in-law by claiming she owed large amount of money and threatening “drastic” action if she did not pay:

One tactic used by these callers has been to contact Jackie, claim to be from 'XYZ Company' which she has missed payments to for large sums of money (i.e., \$3500), threaten that “drastic action” will be taken if she does not pay... but then offer to accept a smaller “negotiated” payment (i.e., \$975) to be made over the phone immediately which will bring her account balance up to date, close her account, and avoid the “drastic action.” The choice of words and tone of voice used by these callers is stern, curt, and forceful, which has caused Jackie to feel scared and intimidated... so much so that she has paid them many, many times. She has been dealing with this type of caller situation for years, and has fallen prey to it on multiple occasions, to the tune of several thousand (tens of thousands of?) dollars. I am not clear exactly how much money she has given up to these callers over the years, nor do I know the names of all of them (I doubt she knows the exact total or list of names, either). I just know that she is out a large amount of money that these callers had no legal right to.

64. Many victims of YMS expressed similar frustration, such as Judith A. from Connecticut, who was victimized by multiple magazine companies for years and wondered if they were conspiring with one another:

In your letter you mention "Your Magazine Service" only. My question is - Are all these various people linked together? in a conspiracy? What is why

65. Judith A. added a postscript at the end of her letter, which described herself as “a tired senior who is upset we are being taken advantage of or ‘scammed.’ We used to trust people at their word.”

PS. I am a tired senior who is upset that we are being taken advantage of or "scammed". We used to trust people at their word.

66. Carolyn N., a 68-year-old retiree from North Carolina who lives on a fixed income, lost nearly \$7,000 to the magazine scam and said that she was not the only one:

I am not the only one that is being scamed like this. If you check the internet you will find thousands of people that are in the same situation as me. what I learned from the internet is these companies sell your information to other magazine companies and they will in turn charge you for the same magazines and if you do not pay,then they will automatically renew your subscription ,thus increasing the amount you alledgely owe them. There should be some way of policing them or shuting them down to stop them from taking advantage of people.

67. A review of the credit card and bank statements provided by Individual A's victims showed that various other magazine companies were operating nationally and participating in the fraud scheme to repeatedly bill the same victim-customers for expensive magazine subscription packages. In all, the questionnaires and records of Individual A's victims showed they were also charged by dozens of other magazine companies located in more than 25 states as well as in Canada and Panama.

Victim Joseph L.

68. For example, Joseph L., a 70-year old retiree from New Jersey, submitted a response to the FBI's victim questionnaire, along with copies of his credit card statements. Joseph L.'s credit card statements showed that he was billed by multiple magazine companies, located in Minnesota and throughout the country. Several of the companies that billed Joseph L. had previously been identified by Individual A as being involved in fraudulent magazine sales. Joseph L.'s April 2011

credit card statement provides a snapshot of his victimization. That month alone, Joseph L. was charged approximately \$1,350 by seven different magazine companies:

ACCOUNT ACTIVITY		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
04/13	Payment Thank You Electronic Chk	-351.51
04/05	YOUR MAGAZINE SERVICE 866-9159921 MN	49.90
04/06	TJMAXX #0393 QPS TOMS RIVER NJ	24.96
04/06	CAFFREYS STEAK HOUSE FORKED RIVER NJ	26.81
04/13	NJMVC MANAHAWKIN MANA MANAHAWKIN NJ	166.50
04/15	READERS CLUB HOME OFFI 866-374-7895 MN	29.90
04/15	GULF COAST READERS INC 239-5400707 FL	69.90
04/18	NEW JERSEY E-ZPASS 888-288-6865 NJ	25.00
04/18	READERS GROUP 888-8634424 MN	59.85
04/19	CERTIFIED READERS INC 651-4571648 MN	29.90
04/19	GULF COAST READERS INC 239-5400707 FL	958.40
04/20	CAFFREYS STEAK HOUSE FORKED RIVER NJ	40.37
04/21	MEDCO HEALTH FAIRFIELD 08002822881 OH	22.08
04/21	GREAT LAKES READERS 6E 877-2539657 MN	59.80
04/25	YOUR MAGAZINE SERVICE 866-9159921 MN	49.90
05/03	TLG*PRIVGRD03523757MAY 866-867-1823 NY	12.99
05/05	MAGAZINE SERVICE CENTE 800-8726520 MN	69.80

69. Similarly, in August and September 2014, he was billed approximately \$668 by several different companies located in three different states.

ACCOUNT ACTIVITY		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
PAYMENTS AND OTHER CREDITS		
08/14	Payment Thank You Check	-2,205.93
PURCHASES		
08/15	CERTIFIED READERS INC 8773341648 MN	39.90
08/16	KMK MAGAZINES INC 763-8982766 MN	65.80
08/15	GENERAL SUBSCRIPTION S 877-275-4808 MN	39.90
08/15	NATIONAL MAGAZINE SERV 8882931733 KS	59.90
08/25	GREAT LAKES READERS SE 877-2539657 MN	59.80
08/29	READERS-18886842128 PANAMA PA	89.95
09/03	MAGAZINE SVC 888980916 8552624438 FL	49.90
09/03	TLG*PRIVGRD63523757SEP 866-667-1823 NY	12.99
09/03	KMK MAGAZINES INC 763-8982766 MN	263.20

70. Joseph L. continued to receive fraudulent magazine subscription bills through February 2018, when he completed the FBI victim questionnaire.

71. An FBI agent interviewed Joseph L. on or about April 17, 2019. Joseph L. retired in 2006 after having worked for 37 years at a gas and electric company. Joseph L. said that for the last ten years he has been dealing with fraudulent credit card charges related to magazine subscriptions he did not want. Joseph L. explained that he entered a sweepstakes in about 2008. As part of the sweepstakes, Joseph L. was offered a three-year magazine subscription package. Joseph L. said the subscription package was for \$49.90 a month for the first year, after which the second and third years would be free. In addition to the two free years, Joseph L. was also offered a free watch. Joseph L. explained that it seemed like a good deal, so he signed up for the subscription package.

72. About six months later, Joseph L. began receiving phone calls from other magazine companies. Joseph L. believed the callers were representatives from his existing magazine subscription provider calling to check on the status of his current

subscriptions. The callers generally offered him some sort of reduction in the amount or number of payments remaining on his existing subscription. Joseph L. explained that the callers never indicated they were signing him up for a new magazine subscription. He later began seeing various charges from other magazine companies on his credit card statements. Joseph L. said the calls were confusing and deceptive, and that he never agreed to sign up for new magazine subscriptions.

73. Joseph L. was also a victim of the “consolidation” script. He said that some companies told him they would stop billing him if he made a lump-sum payment. Joseph L.’s credit card statements reflect these sorts of payments, such as an April 15, 2015 payment of \$239.90 to General Subscription Service, a Minnesota-based magazine company. When asked about this charge, Joseph L. explained that it was a lump sum payment he made in order to stop the ongoing charges: “I thought I was doing myself a favor by paying in full. . . . I always thought if I paid it, it would end. . . . It never did.”

Victim Jonathan P.

74. Jonathan P., a diesel mechanic from Oregon, also submitted a response to the FBI’s victim questionnaire. A review of his bank statements showed that Jonathan P. has been billed by many magazine companies that have been identified as being involved in fraudulent magazine sales.

75. For example, between January 12 and February 15, 2018, approximately nine magazine companies located in six states and one Canadian province charged Jonathan P. more than \$900. On February 5 alone, Jonathan P. was

charged approximately \$259 by five different magazine companies located in four different states:

Feb 06	Magservices 877-269-4048 Ca Usa	-\$49.98	\$338.30
	Foreign Transaction Fee	-\$0.89	\$388.28
	Np Readers86632 Toronto On Can	-\$29.90	\$389.17
	Magazine Solut0 866-6087323 Co Usa	-\$49.95	\$419.07
	Magazine Svc 866-9361829 Fl Usa	-\$39.92	\$469.02
	Foreign Transaction Fee	-\$2.69	\$508.94
	Readers- 1888684 Panama Pa Pan	-\$89.95	\$511.63
	Internet Trf Fr Dda 0000370192121090 3720	\$300.00	\$601.58

76. Between 2013 and 2018, more than 20 magazine companies (located across the country as well as in Canada and Panama) collectively billed Jonathan P. more than \$23,000.

77. When agents interviewed Jonathan P., he explained that he is a diesel mechanic who worked so many hours that he did not have time to check his bank account. Jonathan P. explained that he originally had a subscription through a company called Readers Service. Jonathan P. said he did not recall subscribing to magazines from many of the companies that charged his bank account.

78. Jonathan P. further explained that he received calls from magazine companies who told him they wanted to cut his payments because he was a valuable customer. Jonathan P. agreed to reduce the payments, but later noticed that those same companies were double billing him and charging him for a second subscription

that he did not want. Jonathan P. said he was getting “tons” of magazines, including multiple copies of the same magazines. Jonathan P. said the magazine charges only stopped when he closed his bank account in 2018. Jonathan P. told agents that he never agreed to these subscriptions and was not interested in all of the magazines he was receiving.

Victim Peter B.

79. Peter B., a 76-year-old man from Pennsylvania, submitted a victim questionnaire reporting that he had been charged by YMS and several other companies for magazines he did not want and had not ordered. When interviewed, Peter B. described being defraud by what agents recognized to be the “payment reduction” script. Peter B. said that he originally subscribed to a single magazine service for \$39 a month. He later began receiving additional calls about his magazines. Peter B. said each of the calls began with a question: “are you getting your magazines on time and [in] good condition?” Peter B. said the callers convinced him they were calling from his existing magazine company to check on his magazines and payments. The callers recorded a portion of the conversation at the end of some of the calls. He was told to only say “yes” during the recorded portion of the call, and that they would start the recording over if he said “no.” Peter B. said he felt he had no choice and did as instructed.

80. Peter B. said he never would have intentionally signed up for a new service. He told agents that during many of the calls he said, “I am not renewing anything,” but the callers insisted they were just talking about his existing bill.

Peter B. said "I just paid the bills" and did not understand how much was being charged and debited from his bank accounts. He explained that he believed he needed to keep paying his bills so he would not get in trouble.

81. Peter B.'s wife later noticed numerous charges on his account and submitted a complaint to the Better Business Bureau ("BBB"). She provided the BBB with a list of magazine companies that had attempted to defraud her husband. Her list included many of the companies later found to be involved in fraudulent magazine sales, including Your Magazine Service, Preferred Customer Magazine, United Readers Service, Reader's Club of America, Midwest Publishers, World Wide Publications, and Pacific Renewal.

Money was not sent to all these companies, only some of them. [redacted]'s Magazine Companies

Your Magazine Service Inc.
United Magazine Service
Magazine Distributer's Magazine Services
Preferred Magazine
Preferred Customer Magazine
Magazine Reader's
Reader's Magazine Services
Magazine Reader's Services
United Reader's Services
American Reader's
National Reader's
Reader's Services
Family Readers
Reader's Club of America
Reader's Service of America
Publisher's Service, Inc.
United Publishers
Midwest Publishers
World Wide Publications
Global Direct Management
National Renewal Services
Magazine Support Services
Pacific Renewal

82. The government obtained copies of Peter B.'s credit card statements, which show that he was charged thousands and thousands of dollars by numerous magazine companies. For example, in May 2017, he was charged more than \$1,000 by nine different magazine companies located in five states and Canada:


Page 2 of 7
Visa Signature Account Ending in [REDACTED]
Feb. 22, 2017 - Mar. 21, 2017 - 28 days in Billing Cycle

Transactions		
Payments, Credits and Adjustments		
Date	Description	Amount
Mar 3	PAYMENT	\$1,691.53
Transactions		
Date	Description	Amount
Feb 20	READERS CLUB OF AMERICA877-416977/MC	\$49.95
Feb 23	PCWAGS 1-855-278-6339/LOAN/NATION/UN	\$299.85
Feb 25	READERS SERVICES (MC)888-488-2138/C 295.00 CAD 1:305549867 Exchange Rate	\$195.37
Feb 25	MAGAZINE 895-469-6247/66-550587/MC	\$39.95
Feb 27	MAGAZINES 895-469-6247/877-5847271/MC	\$49.98
Mar 1	MAGAZINE SVCS955-262-6638/F	\$34.98
Mar 1	PUBLISHERS SERVICE INC855-2199995/A2	\$44.93
Mar 3	MAGAZINE SVCS866-9381679/A	\$79.94
Mar 3	MAGAZINE SVCS866-9381679/F	\$39.92
Mar 3	REWARD AND BENEFITS-4664123823	\$34.95
Mar 6	WYNNEST HOME OFFICE888-731-0954/MC	\$39.90
Mar 7	CELEBRATED READERS 1887-3341648/MC	\$49.90
Mar 9	MAGAZINES 895-469-6247/877-5847271/MC	\$39.98
Mar 14	LIORNE COLLECTORS CLUB 07815-5532827/R	\$79.00
Mar 14	PUBLISHERS SERVICE INC855-2199995/A2	\$39.95
Mar 18	3M SVCS855-839-0900/A	\$79.95
		\$1,157.18
Total Transactions for This Period		\$1,157.18
Fees		
Date	Description	Amount
Total fees for This Period		\$0.00

Transactions Continued	
Interest Charged	
Interest Charge on Purchases	\$0.00
Interest Charge on Cash Advances	\$0.00
Interest Charge on Other Balances	\$0.00
Total Interest for This Period	\$0.00
2017 Totals Year-to-Date	
Total Fees charged in 2017	\$0.00
Total Interest charged in 2017	\$0.00

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	18.49% 0	\$0.00	\$0.00
Cash Advances	25.49% 0	\$0.00	\$0.00

P.L.O.F. - Variable Rate. See reverse of page 1 for details.



Make a statement. Go paperless.
Stop waiting for your bill to arrive in the mail and get paperless today.

Log in to your account to make this switch to paperless.

Victim Phyllis S.

83. Phyllis S., a 65-year old woman from Maryland, was also victimized by the “payment reduction” script. She explained that she signed up for a magazine service several years ago. In about 2017, she began receiving multiple calls a day from

companies claiming that she had a subscription with them and owed the companies money. Phyllis S. reiterated that the companies never offered a new subscription; they always purported to be calling about her existing subscription. Phyllis S. said that during some of the calls she was transferred to a “supervisor” who would confirm the information she had provided to the initial caller. Phyllis S. described the supervisors as “very shady.” Phyllis S. told agents that she was naïve to believe the companies were her existing magazine service.

84. Phyllis S. said that when she told the callers she wanted to cancel and did not want any more magazines, they generally threatened her and said “you owe us.” She explained that the companies often offered to reduce the subscription cost. When they did, she provided her credit card information in hopes that the subscriptions would end. Phyllis S. said she never would have provided her credit card information if she knew she was being signed up for new magazine subscriptions.

85. At the time of her interview, Phyllis S. said she was receiving approximately 20 magazines a month at a cost of between \$400 and \$1,000 a month. During a four-week period from December 2017 to January 2018, for example, Phyllis S. was charged more than \$1,500 by approximately 17 different magazine companies located in eight states.

ACCOUNT ACTIVITY		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
PAYMENTS AND OTHER CREDITS		
01/19	& Payment ThankYou - Check	-3,032.24
PURCHASE		
12/25	& MAGAZINE 855-469-6247 866-5505878 MO	39.98
12/27	& MAGDIRECT8773502280 888-8209606 NV	39.98
12/26	& ONLINE READING CLUB 888-8884009 MS	507.00
12/27	& WORLD WIDE PUBLICATION IN 678-567-9332 GA	199.99
12/30	& RN *GAMEHOUSE.COM 844-506-8368 WA	10.88
12/29	& MAGAZINE SOLUTIONS DENVER CO	49.95
01/03	& ESI MAIL PHARMACY S 800-332-5455 MO	45.00

01/17	& IDENTITYSHIELD 8889809170 888-9809170 NC	28.99
01/18	& MIDWEST HOME OFFICE 888-737-9954 MN	39.90
01/18	& RN *GAMEHOUSE.COM 844-506-8368 WA	10.88
01/19	& MAGAZINE SVC 855-2624438 FL	39.92
01/18	& NATIONAL MAGAZINE SERVICE 888-2931733 KS	19.95
01/19	& READERS CLUB HOME OFFICE 866-3747895 MN	44.85
01/20	& MAGAZINES 8449180000 844-9180000 MO	59.89
01/20	& LEISURE TIME RESOURCES 800-4368130 FL	24.96
01/20	& LEISURE TIME RESOURCES 800-4368130 FL	112.27
01/20	& READERS CLUB OF AMERICA 877-4169777 MO	49.50
01/19	& BBSUBSCRIPTIONS 888-4002761 FL	34.98
01/19	& BBSUBSCRIPTIONS 888-4002761 FL	59.90
01/24	& REWARD AND BENEFIT 855-4664123 MS	34.95
01/25	& MAGAZINE 855-469-6247 866-5505878 MO	39.98
01/25	& GREAT LAKES READERS SERVI 877-2539657 MN	59.80
01/25	& CENTRAL SUBSCRIPTION SERV 866-2085290 MN	59.80
INTEREST CHARGED		
01/26	PURCHASE INTEREST CHARGE	22.09
	TOTAL INTEREST FOR THIS PERIOD	\$22.09

86. Phyllis S. told the FBI that she “can’t distinguish which magazines came from where” and that she is “sorry I got involved, I got roped in.”

Victim Betty M.

87. Betty M., a 69-year-old woman from Texas, submitted a questionnaire reporting that she had been defrauded by YMS. During an interview with the FBI in 2019, Betty M. described being defrauded by the “payment reduction” script. Betty M. said that although she received numerous calls over the years, they were never for a

new subscription and they were always for a reduction to her current subscriptions or to give her complimentary magazines at no cost.

88. Betty M. agreed to allow agents to place a consensual wiretap on her phone in order to record the calls she was receiving from fraudulent magazine companies. In May 2019, agents received a court order authorizing the wiretap.

89. Among the calls recorded was a call from an unidentified man who claimed to be calling from a large international law firm based in Chicago. The man claimed she owed \$1,100 to “Family Readers Club” and explained he was giving her “a courtesy call to settle up your account.” Using a version of the “consolidation” script, the caller offered to cancel and pay off her account for a one-time payment of \$499. When Betty M. said she needed to think about it and asked to call back, the caller became aggressive. He threatened to pursue “legal action” and to renew her magazines for another three-year term. The caller said “I’m not going to play games with you, Betty.” Betty M. then hung up.

90. Two minutes later, the man called back and left the following voicemail message for Betty M.:

Yeah, Betty, it’s not smart hanging up on attorneys who have your credit score right in front of them. So that’s not a problem. If you don’t want to make a payment or settle this, we are going to pursue with legal action for the full \$1100 value of your account, and in the meantime this contract will renew for another three-year terms. So you’re going to receive magazines probably until the day you die.

I hope that’s what you want. Have a great day.

D. Agents Launch Undercover Operation

91. In an effort to identify additional fraudulent magazine companies and obtain evidence about their fraudulent tactics, federal agents launched an undercover investigation. Working with Individual A, agents created handwritten PDS lead sheets that looked just like those that Individual A and other magazine companies use to carry out their scheme. These sheets contained information about customers who purportedly had existing magazine subscriptions, including the customer's name, address, age, profession, credit card number, and list of magazines to which the customer was a subscriber. But these lead sheets were all part of the government's undercover investigation. The lead sheets contained a mix of names and phone numbers assigned to undercover federal agents/law enforcement personnel ("UCs" or "UC agents") mixed in among entirely fake identities. When a magazine company called one of the undercover identities on the lead sheets, the calls were recorded.

92. At the direction of federal agents, Individual A distributed these lead lists to lead brokers he had previously worked with—Brian Cox, Valarie DeSalvo, and Daniel Klibanoff. Individual A said that he believed these lead brokers would sell the lists to fraudulent magazine companies, who would in turn call the customers on the list and attempt to defraud them using fraudulent and deceptive scripts.

93. Individual A sent out the first lead list in July 2019. That month, at the direction of law enforcement, Individual A made a consensually recorded phone call to Cox. During the call, Individual A and Cox discussed the magazine business. Cox said "I got . . . six guys that religiously buy leads from me every week . . . and they

use PDS and handwriting.”² Individual A asked “what kind of pricing?” Cox replied, “all across the board . . . for example, these one handwritings cost \$2.50 each and sold them at \$3.25.” Individual A understood Cox to mean that Cox purchased handwritten magazine sales leads for \$2.50 per name and sold the leads for \$3.25 per name. Cox said he was scraping out a decent living but he had “taken more calls where I’m not able to do anything but I don’t have anything to give them.” Cox explained “every one of these guys [magazine company owners] needs more records. Every one of them.”

94. During the call, Individual A said “well I got something that might help you and help me then. One of these guys who called me recently got hard copies, handwrites, it’s premium shit. It’s spendy, but it’s not hammered stuff. . . . Every one of these people is a current paying customer that’s not in collections that’s only got one account. They haven’t been handed around. They haven’t been beaten up. They haven’t been crucified. I can get it in chunks, but not big chunks.” Individual A said he wanted to make as much money as he could off the leads “without ruining a good thing.”

95. During the call, Individual A offered to send a list of 50 handwritten lead sheets. Cox agreed to distribute the lists and split the proceeds 50-50 with

² Language that is quoted from the recorded conversations throughout this Affidavit is based upon draft transcripts prepared during the course of the investigation as well as agents’ review of the recorded conversations. They are not intended to be a final transcript of the audio recordings from which the quotes are taken.

Individual A. Individual A told Cox that he would send a file with 50 lead sheets, and Cox indicated that he would send them out as a sample to three companies.

96. The following day, Individual A sent Cox an email attaching a 50-page PDF document that contained 50 lead sheets. Each of the 50 lead sheets purported to contain information about a customer who had existing magazine subscriptions, including the customer's name, address, age, profession, credit card number, and list of magazines to which the customer was a subscriber. Among the 50 were lead sheets for Rose Cubur and Jason Baxter.

CUSTOMER Rose Cubur Lead Source HSJ
 ADDRESS 306 Washington Dr. Debit # _____
 CITY Stafford STATE VA Verification # 1146233
 ZIP 22554 HOME # 540-328- [REDACTED]
 WORK # _____ EXT. _____

CARDHOLDER'S NAME Rose Cubur APPROVAL CODE # 061122
 CARD TYPE (Circle One) VISA MC AMEX DISC EXP. DATE 2/24 CVV # 541
 [REDACTED] 6729

BANK INFORMATION
 BANK NAME _____ CITY _____
 ROUTING NUMBER _____ ACCOUNT NUMBER _____
 BANK PHONE # _____ APPROVAL CODE # _____
 BANK 24 HR. # _____ APPROVAL CODE # _____

SUBSCRIBER INFORMATION (Circle One) MALE FEMALE MARRIED SINGLE DIVORCED W/P
 AGE/D.O.B. _____ YRS 39
 JOB TITLE _____
 NAME OF COMPANY _____

YR. INCOME _____
 E-MAIL ADDRESS _____

MAGAZINE TITLE	MAG. CODE	RENEW	NEW
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N

SALES PERSON Eric DATE _____ CAPPER Jeff DATE _____

CUSTOMER Jason Baxter Lead Source M Sales Firm
 ADDRESS P.O. Box 23 Debit # _____
 CITY Obolensville STATE TN Verification # 20917411
 ZIP 37135 HOME # 931-347- [REDACTED]
 WORK # _____ EXT. _____

CARDHOLDER'S NAME Same APPROVAL CODE # 167189
 CARD TYPE (Circle One) VISA MC AMEX DISC EXP. DATE 12/27 CVV # 566
 [REDACTED] 9077

BANK INFORMATION
 BANK NAME _____ CITY _____
 ROUTING NUMBER _____ ACCOUNT NUMBER _____
 BANK PHONE # _____ APPROVAL CODE # _____
 BANK 24 HR. # _____ APPROVAL CODE # _____

SUBSCRIBER INFORMATION (Circle One) MALE FEMALE MARRIED SINGLE DIVORCED W/P
 AGE/D.O.B. 43 12-27-61 YRS 5 yrs
 JOB TITLE Roofing
 NAME OF COMPANY _____

YR. INCOME _____
 E-MAIL ADDRESS _____

MAGAZINE TITLE	MAG. CODE	RENEW	NEW
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N
Billboard	R	N	N

SALES PERSON Eric DATE _____ CAPPER Jeff DATE _____

97. However, the list was fake, created by law enforcement in the course of its ongoing investigation. The list contained phone numbers assigned to undercover

federal agents and personnel. Neither Rose Cubur nor Jason Baxter are real people. They are undercover Postal Inspectors.

98. Not knowing that the lead sheets contained information about undercover federal agents, Cox broke the lead sheets into three chunks (of 20, 20, and 10 lead sheets) and emailed them to the owners of three fraudulent magazine companies located in Minnesota, Mississippi, and Canada:

Premium handwrites attached	20 sheets
From: Brian Cox <briancox52@att.net> To: Tim Hanssen <mr.timhanssen@gmail.com> Date: Wed, 17 Jul 2019 16:07:39 -0500 Attachments: whw.20sheets-12.pdf (627.74 kB)	From: Brian Cox <briancox52@att.net> To: Abdou Diallo <abdou_diallo_1@hotmail.com> Cc: Abdou Diallo <abdou.diallo@hotmail.com> Date: Wed, 17 Jul 2019 16:07:48 -0500 Attachments: whw.20sheets-1.pdf (613.16 kB)
Sent from Yahoo Mail on Android	Sent from Yahoo Mail on Android

Premium handwrites
From: Brian Cox <briancox52@att.net> To: Dan Mathais <magazinepros@gmail.com> Date: Wed, 17 Jul 2019 16:07:44 -0500 Attachments: whw.10sheets.pdf (308.58 kB)
10 sheets to try out. Sent from Yahoo Mail on Android

99. Within the next week, the undercover agents began receiving calls from the three magazine companies to which Cox forwarded the lead sheets. The UC agents recognized the callers to be using one of the two types of fraudulent scripts. Some of the callers used the “payment reduction” script that fraudulently induced customers into signing up for a new magazine subscription under the guise of reducing the monthly payments on an existing magazine subscription. Others used

the “consolidation” script that fraudulently induced customers into make a large one-time payment to the company in order to consolidate and reduce existing magazine bills. In both cases, the employees were lying to the undercover agents and then charging their credit cards—they were committing fraud.

The “Payment Reduction” Script

100. For example, just days after Individual A sent Cox the lead sheets, an undercover agent using the assumed name Rose Cubur received a call from an employee of Midwest Publishers, the Minnesota-based magazine company to which Cox sent 20 of the undercover lead sheets. During the call, the employee falsely claimed to be calling from “Rose Cubur’s” existing magazine company to check that her magazines were coming “on time” and “in good condition.”

CARLOS: Hi, this is Carlos, supervisor at Midwest Publishers, how are you doing today?

UC: I’m good, how are you?

CARLOS: I’m doing good, thank you. I was calling to check on your service. Are your magazines still coming out on time for you in good condition?

UC: Um, yeah, and who are you? I’m sorry.

CARLOS: My name is Carlos, I’m with Midwest Publishers where you get your magazines from.

UC: Oh, you’re my magazine company? Is that right?

CARLOS: Yes, ma’am, yes, ma’am.

101. Carlos then falsely claimed that Rose Cubur was paying Midwest Publishers \$49.90 a month and offered to reduce that cost to \$44.90 a month. This was a lie in order to trick Rose Cubur.

CARLOS: Now I see here that you're also eligible -- okay, we've been billing you at 49.90 I see here. So what I can do is I can knock you down to 44.90 for ya. I can take \$5 off for you. And also I can probably shave 3 months off for you, too, as a courtesy, knock you down to 20 months for you, if you want me to do that.

UC: Um, well, is that going to extend my magazines and get me charged more? Or how does that work?

CARLOS: No -- no, no. You're being billed 49.90 as we speak each month. And you have actually 23 months remaining right now. What I can do is I can knock you down to 44.90, and then I'll go ahead and shave 3 months off and knock you down to 20. So it'll be cheaper and then also I'll -- I'm cutting off a little bit of time since I had to update you with the security code. That's all.

UC: Okay. I just want to make sure I don't get charged more.

CARLOS: No, no, if you're at 49.90, and I'm knocking you down to 44.90, that's \$5 less.

102. None of this was true. Rose Cubur is not a real person. She does not have a magazine subscription with Midwest Publishers or any other magazine company. She has no debts and owes no money.

103. When the UC agent questioned the sales representative, he reiterated that the company was reducing the cost of an existing magazine subscription.

CARLOS: So from here on now, you won't see 49.90, you'll see 44.90, and then you'll also see I shaved off 3 months for you. So 20 months for that. I think you're set up as an automatic Do Not Renew already, so I won't touch that. So in 3 to 5 days, I'm going to send out a confirmation letter.

I'm going to have all of this information out for your records, of course, and then have there been any other issues that I need to be aware of, or has everything else been okay for the most part?

UC: No, things have been great, but just to confirm, so my payments are going to go from 49.90 down to 44.90, and plus you're taking 3 months off?

CARLOS: Absolutely.

UC: Okay.

CARLOS: Knocking you down to 20 months. Now you'll be paid in full
...

104. At the end of the call, the sales representative recorded a final portion that, standing alone, made it sound as though Rose Cubur could have intended to sign up for a new magazine subscription. During this recorded portion of the call, Carlos had Rose Cubur confirm that she was agreeing to make 20 payments of \$44.90, without reference to the earlier conversation about how this was a *reduction* in price on an *existing* account. In doing so, the recorded portion of the call fraudulently and misleadingly made it sound as though Rose Cubur was signing up for a new magazine subscription:

CARLOS: Now you'll be paid in full, and to maintain accurate records here, so you can make sure that we keep everything up-to-date here, to maintain accurate records here, I'm going to do a recording stating that I'm doing exactly just this for you, and then I'm going to ask you to state your name, mailing address, your state and zip code, and then that I gave you a security code, and all that good stuff.

And then I'll get everything underway for you, okay?

UC: Okay. Sounds good.

CARLOS: Okay, one second. (PAUSE) Okay, Rose, you do of course understand for accurate records the remainder of this conversation is recorded, correct?

UC: I do.

CARLOS: Great, my name is Carlos, Midwest Publishers, St. Louis Park, Minnesota. Main 800 number, 888-737-9954. This number is also listed on the top side of your confirmation letter that I will send out in 3 to 5 days, and for verification, can you please state your first name, last name and mailing address for us.

UC: Sure, my name is Rose Cubur. My address is 1306 Washington Drive, Stafford, Virginia. 22554.

CARLOS: Excellent, and your payments are handled on your visa ending in 6729, expiration 2/24. Your name appears as Rose Cubur. On the front side of that card, you'll see the payment, \$44.90, that's billed 5th each month appears on your statement, Midwest Publishers Home Office, followed by our customer service number.

When your 20 payments are completed, you – okay, I misread that. After your 20 payments, your account will be completed. Total sales price of \$898, and we use your date of birth as a security code, which is April 8th, 1978. We gave you a security code today which is TYP469, and you did write that down, correct?

UC: Yep, TYP 469, and it's the security code.

CARLOS: M'kay. And with your permission, they'll get the initial payment of the newer rate of the 44.90. Today's date is July 18th, 2019, you understand that, correct?

UC: Correct.

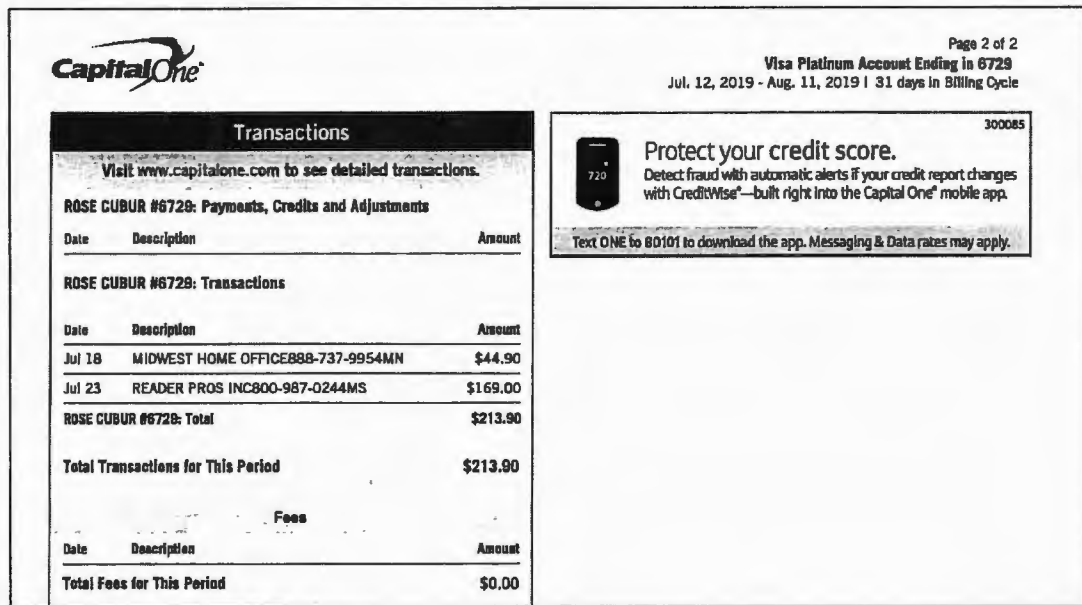
105. While this recorded portion of the call (which consisted of the final two minutes of a nine and a half minute call) was designed to make it sound as though Rose Cubur was knowingly signing up for a new subscription, this was not true. The UC agent clarified at the end of the call that she did *not* intend to sign up for a new magazine subscription:

CARLOS: And have I explained everything pretty well for you, or do you have any other questions for me?

UC: I think so. I – just to confirm, I’m not signing up for any new magazines. It’s just the ones that I’m already getting and it’s just a reduction on my payments on those?

CARLOS: That is correct. That is correct.

106. Despite this clarification—and the fact that Midwest Publishers had no pre-existing relationship with Rose Cubur—the company charged \$44.90 to the credit card that the undercover agent had in the name of the Rose Cubur identity:



The “Consolidation” Script

107. UC agents on the July 2019 lead lists also received calls from another company (Readers Pros of Mississippi) using a different fraudulent script: the so-called “consolidation” or “outstanding balance” script.

108. In one example, a Readers Pros employee called the undercover agent using the assumed name “Jason Baxter” and attempted to obtain a large lump-sum payment in exchange for cancelling his existing magazine subscriptions and consolidating the outstanding account balances.

109. During the call, the employee (who identified herself as Joan Poole³) falsely represented that Jason Baxter had existing subscriptions with three different magazine companies with a total outstanding balance of \$959.90. In reality, Jason Baxter was an undercover postal inspector who did not have any existing subscriptions or outstanding balances. Nevertheless, the employee further represented that one of the accounts was scheduled to be automatically renewed that Friday, “which will add another \$514.87 to the balance.”

POOLE: Hi Mr. Baxter, this is Mrs. Joan Poole. I’m calling you back from the billing and cancellation department regarding a request to get those remaining magazine cancelled it says, is that still correct?

UC: Yeah, you can get rid of them?

POOLE: Yeah because what they have, three different magazine companies under your name Mr. Baxter. And they have you with an outstanding balance with those three companies combined for 959.90.

And the worst part of it is that they have you up for an automatically three year renewal set up on the account on 7-19 which is Friday, which is going to add another \$514.87 to this outstanding balance. Did you want to get those last three companies cancelled and removed completely from their system Mr. Baxter?

UC: You can do that?

POOLE: Yes sir . . . I’ve been here sixteen years, exactly what we do sir.

UC: So you’re my company?

³ Based on public records searches, Joan Poole appears to be an assumed name. And throughout the investigation, many of the callers appeared to be using fake names when making fraudulent calls.

POOLE: Yeah, this is the cancellation department, my name is Joan Poole, and we're going to be getting these cancelled, these three companies cancelled . . .

UC: So I don't have to pay for them?

POOLE: Yeah, you have an outstanding balance of account here today, we're going to remove as many charges as we can off the account, you will have to pay the remaining balance to get it cancelled.

110. When the UC agent asked which company she was calling from, Poole claimed that the UC agent had subscriptions with three separate magazine companies.

UC: Which company? Which company, I'm getting charged by so many companies, which company is this?

POOLE: You have three, you have Periodical Readers, Readers . . . , and Mid-South Publishers. Those are the three we're going to go ahead and get those taken care of today.

UC: Okay, you can get rid of those charges? Hello?

POOLE: We're going to get rid of a lot of these charges they have on here but you're going to have to . . . pay the remaining balance. Because right now you have an outstanding balance . . . almost \$1,500.

111. Poole also claimed—again falsely—that the companies “have you set up for an automatic renewal set up on Friday for another three year service,” which would add \$514.87 to the account unless Jason Baxter paid the consolidation fee.

112. Poole then asked, “did you want to get those last three companies cancelled and removed completely from the system?” Poole explained that she was calling from the cancellation department and that she would cancel the subscriptions and “remove as many charges as we can off the account and you will have to pay the

remaining charges to get it cancelled. . . . We are going to remove some of these charges to help you get it cancelled completely.”

113. During the call, Poole claimed that she was going to give Jason Baxter a senior citizen discount as well as a discount for having diabetes, which she said would reduce the outstanding balance for \$959.90 to a one-time payment of \$507:

POOLE: Now we have nine illnesses that we give discounts on if you have one of those . . . It’s either high blood pressure, cancer, sugar diabetes, heart disease, liver disease, kidney disease, cronos [sic] disease, and multiple sclerosis. Do you have either of these?

UC: No, yeah, I got diabetes.

POOLE: Okay. They’re going to give you \$200 for that. So we were able to remove a total of \$959.75. We got you all the way down to \$507 and . . . three companies removed completely.

114. Poole then reiterated that she was calling from the “cancellation department” and that she was going to cancel Jason Baxter’s subscriptions with magazine companies that “keep renewing you.”

POOLE: Okay, well this is the cancellation department, those are magazine companies that have never cancelled you. They keep renewing you, that’s the problem. So we’re not the magazine, this is the cancellation . . . we’re going to get you cancelled and removed here today completely, like I said, we removed nine hundred and forty-nine dollars and seventy-seven cents from the account. So the five oh seven is what you have to pay.

UC: Okay, so did you guys get the letter I sent to cancel all these?

POOLE: We got all the information here sir, that’s how we’re getting it cancelled and we finally received everything, yes sir.

UC: Okay, because I sent that letter to those guys to quit – to quit sending me all these bills and stuff, so they must have sent that to you.

POOLE: They sent it in for cancellation, we finally received it.

115. None of this was true. Jason Baxter did not have any outstanding magazine subscriptions. Indeed, “Jason Baxter” did not exist. The employee and her company were calling to trick and fraudulently induce the consumer into unwittingly making a large, one-time payment, to purportedly pay off a large outstanding balance and cancel existing magazine subscriptions.

116. At the end of the call, Poole explained that someone from the corporate office was going to call Jason Baxter back to give him “an important verification number.” She further advised that he would be getting a written verification letter in the mail confirming that he had cancelled his subscriptions and there would be no future renewals:

POOLE: Now the supervisor from the corporate office is going to call you back in just a few moments, hold onto that pen and paper. They have to release to you that very important verification number.

That number verifies on today, 7-17-19, we are getting you cancelled, it’s going to verify that payment of the five hundred and seven dollars that we’re removing from the Visa. In the next five to seven business days you will be receiving your written letter of confirmation.

It will say cancellation slash paid in full, no more future renewals on this account. And it’s going to come along with the receipt for your payment. Now after today, please don’t ever order any magazines from any magazine companies and do not get in on those Publishers Clearing House sweepstakes.

And do not give out your card number anymore for magazines, because we're going to get you taken care of here today Mr. Baxter, okay?

UC: Yeah, I never gave out my stuff, I don't know how they got it.

POOLE: Well we're going to take everything, get everything cancelled and remove you from the system. Once you send in your paperwork you're going to be done. So I'm going to send this to the corporate office, you hang up and stay by your phone, they'll call you back in the next five to ten minutes.

117. A few minutes later, someone called Jason Baxter from the "verification department."

UC: Hello?

MALE: Yes, we're calling you back from the verification department.

UC: Okay.

MALE: And it's my job to make sure I give you I give you a confirmation number for your payment today and make sure your paperwork comes out to the correct mailing address.

UC: Okay.

MALE: This phone call is being monitored for office records and for quality control, so please say your full name for the tape recorder.

UC: Jason Baxter.

MALE: And Mr. Baxter, could you please verify the amount that you're authorizing this company to take out of your credit card today, under the penalty of perjury in the United States Court of Law so no one said this company stole your credit card and that you did give it out willingly, that's for your protection Mr. Baxter as well as ours. It's all in good faith. How much is it?

UC: I forget what she said.

MALE: Well you can't forget sir.

UC: Did she tell you what it was?

MALE: Yeah but I'm not supposed to say that, we're on tape recording and in a court of law. So did you write it down?

UC: Oh, yeah, she told me to write it down, hold on. Five hundred and seven, she said she was saving me four hundred bucks.

MALE: Alright, \$500, that's correct, \$507. Now please write down your verification number next to the payment.

UC: Is she's taking four hundred off, though right?

MALE: Right. It's \$507.

UC: Alright. And I originally owed nine hundred but she's going to take that off she said.

MALE: That's correct, that's correct.

118. The verifier then provided a "verification number" and explained that Jason Baxter would receive written confirmation in the mail.

MALE: Now when you get your paperwork in the mail in the next seven to ten business days Mr. Baxter it's going to say you're all paid in full with no more renewals. Be sure you sign the bottom of that paperwork, send it back to us so we can take you out of our computer, okay?

UC: Alright.

MALE: Alright, thank you for your payment, look for your paperwork in the mail. It'll say Reader Pros on it, so you know it's us.

119. After the call, the company (Readers Pros Inc.) charged \$507 to the credit card that the undercover postal inspector had in the name of the "Jason Baxter" identity.



Transactions

Transaction Date	Posting Date	Description	Reference Number	Account Number	Amount	Total	
Purchases and Adjustments							
07/17	07/18	READER PROS INC	8035	9077	507.00		
		TOTAL PURCHASES AND ADJUSTMENTS FOR THIS PERIOD					\$507.00
Interest Charged							
08/13	08/13	INTEREST CHARGED ON PURCHASES			0.00		
08/13	08/13	INTEREST CHARGED ON BALANCE TRANSFERS			0.00		
08/13	08/13	INTEREST CHARGED ON DIR DEP&CHK CASHADV			0.00		
08/13	08/13	INTEREST CHARGED ON BANK CASH ADVANCES			0.00		
		TOTAL INTEREST CHARGED FOR THIS PERIOD					\$0.00

2019 Totals Year-to-Date	
Total fees charged in 2019	\$0.00
Total interest charged in 2019	\$0.00

120. As promised, the company sent a confirmation letter to Jason Baxter.⁴ The letter confirmed that any existing subscriptions had been “paid in full” and cancelled and that there would be no further renewals.

⁴ The U.S. Postal Inspection Service monitored and received mail sent to Jason Baxter and all other UC agents listed on the lead sheets.

<p>Readers Pros 814 Jackson Ave. Oxford, MS 38655 Phone: 800-987-0244</p>	<p>As of: July 18, 2019</p>
<p>Jason Baxter PO Box 23 Nolensville, TN 37135</p>	
<p>Account no.: 19020</p>	
<p>Confirmation of Cancellation *PAID IN FULL*</p>	
<p>Dear Mr. /Mrs. /Ms. Jason Baxter,</p>	
<p>This letter is to inform you that we received your request for no more payments to be taken out of your credit/debit card or bank account (Account ending in 9077, exp. (12/23)) for the magazines that you are receiving. This is canceling any further renewals.</p>	
<p>You do understand the payments made up to this date can not be refunded. You will continue to receive your magazines for the amount of time reflected in your payments.</p>	
<p>____ I agree to the above cancellation policy.</p>	
<p>Signature: _____</p>	<p>Date: _____</p>
<p>Thank you, <i>Billing Department</i></p>	

121. Again, “Jason Baxter” had no subscriptions with Readers Pros or any other company. This letter was nothing more than an attempt to make the company’s blatant fraud appear legitimate.

122. After the successful call with Jason Baxter, Daniel Mathias, who runs Readers Pros, asked Cox to send more leads, saying “I GOT ONE SEND ME THOSE.”

<p>On Wed, Jul 17, 2019 at 5:54 PM, Exclusive Media National Publisher's <magazinepros@gmail.com> wrote:</p> <p>I GOT ONE SEND ME THOSE.</p> <p>On Wed, Jul 17, 2019 at 4:27 PM Exclusive Media National Publisher's <magazinepros@gmail.com> wrote: where u get these from i dont have any of these 10</p> <p>On Wed, Jul 17, 2019 at 4:09 PM Brian Cox <briancox52@att.net> wrote: 10 sheets to try out.</p> <p><u>Sent from Yahoo Mail on Android</u></p>
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E. The Ongoing Undercover Operation

123. At the direction of law enforcement, Individual A sent lead sheets to two more lead brokers—Valarie DeSalvo and Daniel Klibanoff—during the fall and winter of 2019. Individual A also sent another set of lead sheets to Cox in December 2019. The lead brokers then forwarded these lists to magazine companies located throughout the United States, and the UC agents began receiving calls from magazine employees using fraudulent and deceptive sales scripts.

124. As of January 2020, undercover agents have received and recorded more than 400 calls from magazine companies around the country.

The Investigation Has Identified More than 20 Companies Involved in the Fraudulent Magazine Sales Scheme

125. During the course of the investigation, law enforcement has identified more than 20 companies involved in this fraudulent magazine sales scheme. In addition to identifying companies through undercover calls, the investigation has also identified companies using a variety of other investigative methods. These methods include: (1) reviewing BBB complaints against companies involved in fraudulent magazine sales; (2) interviewing former employees of companies involved in fraudulent magazine sales; (3) issuing more than 300 grand jury subpoenas for financial and other records of companies involved in the fraudulent magazine sales schemes; and (4) obtaining federal search warrants for more than 40 email addresses.

126. The Better Business Bureau (“BBB”) is a non-profit organization devoted to consumer protection and ensuring trust in the consumer marketplace. The BBB solicits, compiles, and reviews consumer complaints about business across the

country. In recent years, the Better Business Bureau has received hundreds of complaints from consumers who have been defrauded by companies involved in the fraudulent magazine sales scheme. The government obtained BBB complaints against dozens of magazine companies located around the country. Many of the BBB complaints against these companies track the fraudulent and deceptive scheme described by Individual A and uncovered during the undercover operation.

127. During the investigation, the government obtained federal search warrants for (1) the email addresses of Cox, Klibanoff, and DeSalvo; (2) many of the companies to which they sent UC lead lists; and (3) other companies that have been the subject of BBB complaints about similar fraudulent magazine sales. To date, the government has obtained federal search warrants for more than 40 email addresses.

128. A review of these emails identified a network of fraudulent magazine companies around the country. These companies exchange PDS and other magazine lead lists. The companies then use the lists to defraud elderly and other vulnerable consumers over and over again.

129. Although victim-consumers are often bilked “only” \$49.90 or \$199.99 at a time, this money is significant for the elderly and vulnerable population targeted by the scheme. And, in aggregate, the amounts are staggering. Bank records show that companies involved in the scheme have taken in approximately \$250 million over the past seven years.

III. MIDWEST PUBLISHERS HOME OFFICE/MIDWEST PUBLISHERS INC. ARE INVOLVED IN FRAUDULENT MAGAZINE SALES

130. One of the companies that called individuals on the UC lead lists was Midwest Publisher's Home Office Inc. ("MPHO"). MPHO is a Minnesota-based company incorporated in 2003 and located **Subject Premises 1**. MPHO also does business under the name Midwest Publishers, Inc. According to the Better Business Bureau, Monica Hanssen is the President of MPHO, and Minnesota Secretary of State records list "M. Hanssen" as CEO of MPHO. During his January 2019 proffer interview, Individual A identified Monica Hanssen as being involved in fraudulent magazine sales.

A. MPHO employees called UC agents using a fraudulent script

131. As explained above, in July 2019, Individual A sent a list of 50 handwritten lead sheets to Brian Cox, a lead broker with whom Individual A had previously exchange lists of individuals with existing magazine subscriptions for use in carrying out the fraud scheme.

132. On July 17, 2019, Cox sent an email forwarding 20 of these handwritten lead sheets to Tim Hanssen, an employee of MPHO. Unbeknownst to Cox, Hanssen, and MPHO employees, many of the lead sheets contained the name and phone numbers of undercover federal agents, including a lead sheet for "Tom Chacko."

CUSTOMER Tom Chacko Lead Source 18-4
 ADDRESS 709 Mansfield Debt # _____
 CITY Plymouth STATE IN
 ZIP 46563 HOME # 574-406- [REDACTED] • 214416
 WORK # _____ EXT. _____

CARDHOLDER'S NAME Tom Chacko APPROVAL CODE # 71423
 CARD TYPE (Circle One) VISA MC AMEX DISC EXP. DATE 1/21 CVV # 671
 [REDACTED] 4 9 1 2

BANK INFORMATION
 BANK NAME _____ CITY _____
 ROUTING NUMBER _____ ACCOUNT NUMBER _____
 BANK PHONE # _____ APPROVAL CODE # _____
 BANK 24 HR # _____ APPROVAL CODE # _____ CHECK # _____

SUBSCRIBER INFORMATION (Circle One) MALE UNMARRIED SINGLE RETIRED/OWN/VP
 AGE/D.O.B. 51 YRS 11
 JOB TITLE Disability
 NAME OF COMPANY _____
 YR. INCOME 24

SPOUSE INFORMATION
 NAME _____
 AGE/D.O.B. _____
 JOB TITLE _____
 NAME OF COMPANY _____
 YR. INCOME _____
 SPD REFERENCE _____

E-MAIL ADDRESS _____

MAGAZINE TITLE	MAG. CODE	RENEW	VIEW
<u>SS</u>		R	N
<u>Drug Health</u>		R	N
<u>Health</u>		R	N
<u>Car</u>		R	N
<u>Home</u>		R	N
<u>Auto</u>		R	N
		R	N
		R	N

SALES PERSON Ryan DATE _____ CAPPER Nick DATE _____

133. Later that same day, employees from MPHO began calling individuals on the lead sheets. During the calls, which were recorded, employees fraudulently represented that they were calling to reduce the cost of an existing subscription. In reality, MPHO employees were calling to use a script designed to fraudulently induce consumers to unwittingly sign up for expensive new magazine subscriptions.

134. On or about July 17, 2019, for example, an employee from MPHO called “Tom Chacko” of Plymouth, Indiana. Again, “Tom Chacko” was actually an undercover postal inspector and the telephone call was being recorded. During the call, the MPHO employee fraudulently represented herself to be calling on behalf of

“Tom Chacko’s” existing magazine subscriber in order to offer a discount on the cost of his existing subscription. During the call, the MPH0 employee said she was calling to offer a \$10 discount off of his monthly bill. During the call, “Tom Chacko” asked, “what’s this for?” The MPH0 employee replied, “This is for the discount for your magazine service. To get your maximum discount. . . . To get ten dollars off your monthly bill.” The individual asked “you’re my magazine company?” The MPH0 employee responded, “yes I am.”

135. This was not true. Tom Chacko was not a real person. Tom Chacko appeared on the lead sheets that Individual A provided to Brian Cox on July 16, 2019, but the name Tom Chacko and the information on the lead sheets was made up by law enforcement.

136. Despite not having any existing relationship with “Tom Chacko,” the MPH0 employee used the information on the lead sheets to attempt to trick him into unwittingly believing that he was reducing his payments on an existing magazine subscription, while in reality signing “Tom Chacko” up for a fraudulent new magazine subscription

137. The initial MPH0 employee then passed the individual off to a supervisor named “Scotty” to get additional information. The supervisor used the information on the lead sheets to gain trust and make it appear as if MPH0 was his existing magazine provider. For example, the supervisor noted the individual was receiving “Sports Illustrated, Men’s Health, Field and Stream, and a couple others.” These were the same magazines that were listed on Tom Chacko’s lead sheet. The

supervisor asked the individual about his current monthly cost. When the individual said he did not know, Scotty stated the current cost was \$59.85 per month but that he would reduce it to \$49.85. The supervisor later said he would reduce the monthly cost to \$45.85 because the individual indicated that he was on disability.

138. As with the other companies, the MPHO closer, Scotty, recorded a taped verification at the end of the call in order to make it appear as if “Tom Chacko” was agreeing to sign up for a new magazine subscription package. During the call, the individual asked, “you aren’t going to send me any new stuff. This is for my current one? I don’t want a whole bunch of new magazines. I already get so many magazines.” Scotty said it was not for any new magazines and described it as “damage control” that would reduce the monthly bill on the individual’s existing subscriptions.

139. Again, none of this was true. “Tom Chacko” was not a real person and he did not have an existing magazine subscription with MPHO (or any other magazine subscription service). Instead, MPHO employees were using the information on the lead sheets in order to trick “Tom Chacko” and other individuals into unwittingly signing up for expensive new magazine subscriptions.

140. UC agents recorded five calls from MPHO employees on July 17 and 18, 2019. During each call, MPHO employees falsely claimed to be calling to offer the consumer a discount on an existing magazine subscription.

141. On or about July 18, 2019, MPHO charged \$44.90 to the credit cards listed for two of the UC agents⁵ that the company's sales representatives called (using the fraudulent script) from the lead sheets that Individual A provided to Brian Cox.

142. After MPHO called the names of the UC lead list, Tim Hanssen and Monica Hanssen asked if they could buy more lead sheets from Cox. In an email to Cox on July 23, 2019, Tim Hanssen said "5 [dollars] is too much. can he do 3? Need a bigger sample, will pay for it, order 100?"

143. Later that day, Monica Hanssen replied, "I will do \$ 2.50 paypal right now for 100 and NO omit states. scan to me today and we will call them asap then if they're good we will talk about getting more etc." According to Individual A, "omit states" refers to states whose residents individuals making fraudulent magazine sales intentionally avoid calling, for example due to ongoing state Attorney General investigations. Cox replied that his "source on these sold out. He will contact me the next time he has some available."

144. On July 24, 2019, Monica Hanssen sent another email saying, "Ok, any 2nd positions of these handwrites you can give for a great price?" According to Individual A, the "second position" for a lead lists refers to obtaining the list after another fraudulent magazine company has already called individuals on that list and attempted to make sales. Second position lists are considered less valuable to fraudulent magazine companies because individuals are less likely to acquiesce to multiple sales in a short period of time.

⁵ The credit card issued to the "Tom Chacko" undercover identity was not charged.

B. A former employee told agents MPHO is a “Scam”

145. In addition to the undercover phone calls, agents also interviewed a former MPHO employee during the investigation. On or about March 7, 2019, agents interviewed Individual D, a former employee of MPHO. Individual D worked as a salesperson at MPHO for about five months in 2017. Individual D described MPHO as a “scam” and said s/he still felt guilty about having worked there.

146. Individual D explained that s/he and other employees were directed to follow a script while making their telemarketing calls. According to Individual D, the script directed the salesperson to falsely represent that s/he was calling from the potential customers’ current magazine subscription provider to offer to reduce their monthly subscription cost. In reality, however, Individual D told investigators that MPHO was not the customers’ current magazine subscription service, and MPHO employees were actually calling to trick the customers into signing up for a new monthly subscription with MPHO. Individual D said that employees would lie to customers in order to convince them they were getting a reduction on the cost of an existing subscription, rather than signing up for a brand new magazine subscription package.

147. Individual D explained that after obtaining information from the customers, sales employees were directed to pass the customers to “closers,” who were responsible for closing the sale. According to Individual D, closers would talk fast and seek to trick the customer into signing up for a new subscription package by making the customers believe they were only receiving a reduction in the amount owed on an existing subscription.

148. According to Individual D, the closers were directed to record the final portion of the calls where the customer purportedly agreed to make monthly payments. Individual D said most customers agreed out of confusion or because the customers wrongly believed the monthly payments were a reduction to their existing monthly subscription cost. According to Individual D, the closers only recorded “clean” recordings—that is, recordings where the customer answered “yes” to each of the questions posed by the closer. If the individual said anything other than “yes,” the closer would restart the recording to obtain a version of the recording with only “yes” answers.

149. Individual D told agents that MPH0 bought leads from other magazine companies, and recalled seeing the same name on a multiple different lead lists. When this occurred, Individual D was instructed to attempt to sign that customer up for additional magazine subscriptions.

C. The BBB has received more than 50 complaints against MPH0 in the past three years

150. According to the Better Business Bureau, individuals have filed more than 50 complaints against MPH0 in the past three years. In or around March 2019, for example, an individual complained that his wife, who has early onset Alzheimer’s, received magazine subscriptions after MPH0 used “questionable marketing” techniques and took “advantage of a person not aware of the scam.” Similarly, in or around February 2019, an individual filed a complaint alleging that MPH0 salespeople “coach you to say ‘yes’ to everything.”

D. MPHO also defrauded Victims of YMS

151. As noted above, FBI sent out a questionnaire to the victims of YMS in 2018. More than 1,000 victims responded to the questionnaire. Not only did many of these victims tell the FBI that they had been victimized by multiple fraudulent magazine companies, some of them specifically identified MPHO as one of the companies that had defrauded them. YMS victims reported being charged by MPHO as far back as 2009.

152. As explained above, Peter B. is a YMS victim who was billed thousands of dollars by YMS and other fraudulent magazine companies. A review of his credit card statements show that he was regularly billed by MPHO, including on August 3, 2018.




Transactions		
Visit www.capitalone.com to see detailed transactions.		
#1114: Payments, Credits and Adjustments		
Date	Description	Amount
Aug 1	PAYMENT	-\$1,062.96
#1114: Transactions		
Date	Description	Amount
Jul 28	MAGAZINE DISTRIBUTORS888-8557156AZ	\$49.79
Jul 28	TRANS VALUE INC6783218121GA	\$212.22
Jul 29	MAGAZINE DISTRIBUTORS888-8557156AZ	\$49.79
Aug 1	MAGAZINE SVC855-2624438FL	\$34.98
Aug 1	IDENTITYSHIELD 8889809170888-9809170NC	\$24.99
Aug 3	MIDWEST HOME OFFICE888-737-9954MN	\$39.90
Aug 3	MAGAZINE SVC866-9361829FL	\$39.92
Aug 3	REWARD AND BENEFIT855-4664123MS	\$34.95
Aug 3	NP READERS866-3234816TORONTOON	\$29.90
Aug 8	MAGAZINE DISTRIBUTORS888-8557156AZ	\$49.79
Aug 8	CERTIFIED READERS1887-334168BMN	\$49.90
Aug 10	MAGAZINE DISTRIBUTORS888-8557156AZ	\$29.98
Aug 13	MAGDIRECT877-3507280888-820960ENV	\$39.98
Aug 14	PUBLISHERS SERVICE INC855-2199995AZ	\$39.99
Aug 14	PUBLISHERS SERVICE INC855-2199995AZ	\$39.99
Aug 20	READERS1888684213818886842138	\$89.95
Aug 20	MAGAZINE DISTRIBUTORS888-8557156AZ	\$29.98
#1114: Total		\$885.83
Total Transactions for This Period		\$885.83

Transactions Continued	
Interest Charged	
Interest Charge on Purchases	\$0.00
Interest Charge on Cash Advances	\$0.00
Interest Charge on Other Balances	\$0.00
Total Interest for This Period	\$0.00
2018 Totals Year-to-Date	
Total Fees charged in 2018	\$0.00
Total Interest charged in 2018	\$0.00

Interest Charge Calculation			
Your Annual Percentage Rate (APR) is the annual interest rate on your account.			
Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Interest Charge
Purchases	19.65% D	\$0.00	\$0.00
Cash Advances	26.65% D	\$0.00	\$0.00
P,L,D,F = Variable Rate. See reverse of page 1 for details.			

300085



Protect your credit score.
 Detect fraud with automatic alerts if your credit report changes with CreditWise™—built right into the Capital One® mobile app.

Text ONE to 80101 to download the app. Messaging & Data rates may apply.

153. That same month, Peter B. was charged by a slew of other companies known to be involved in fraudulent magazine sales, including NP Readers, another company that called UC agents using fraudulent scripts during the undercover operation.

154. In July 2019, MPH0 charged Peter B. \$49.90. That same month, Peter B. was charged by several other magazine companies known to be involved in fraudulent magazine sales scheme—BB Subscriptions, also known as Brown Bean Inc., NP Readers, Magazine Direct, and Publishers Service. During the undercover

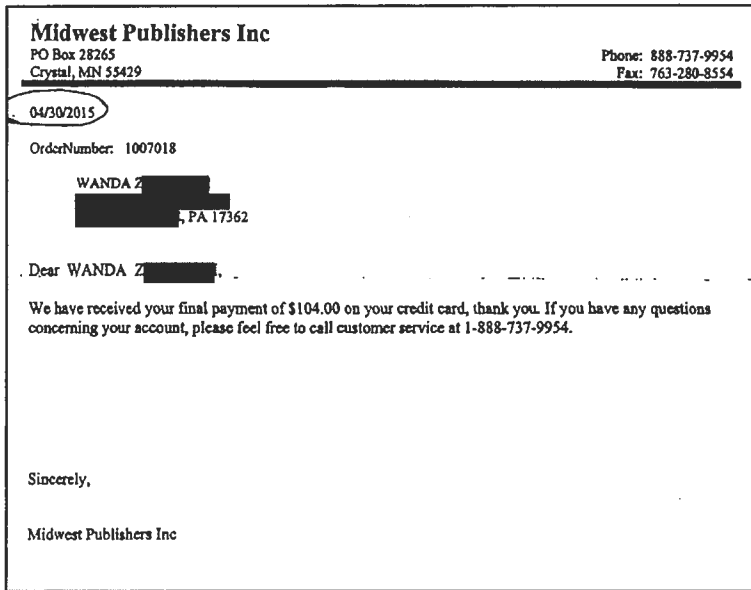
operation, employees from both BB Subscriptions and NP Readers called undercover agents using fraudulent scripts.

[REDACTED] #1114: Transactions		
Date	Description	Amount
Jul 1	IDENTITY SHIELD888-9809170NC	\$24.99
Jul 1	AAA MEMBERSHIP GAR 0724800-337-9222DE	\$64.00
<u>Jul 3</u>	<u>BBSUBSCRIPTIONS888-4002761FL</u>	<u>\$39.92</u>
Jul 3	REWARDBENEFITS855-4664123MS	\$34.95
<u>Jul 3</u>	<u>NP READERS8663234816TORONTOON</u>	<u>\$29.90</u>
<u>Jul 5</u>	<u>MIDWEST HOME OFFICE888-737-9954MN</u>	<u>\$49.90</u>
<u>Jul 12</u>	<u>MAG DIRECT</u> <u>8888209606888-8209606AZ</u>	<u>\$39.95</u>
<u>Jul 12</u>	<u>PUBLISHERS SERVICE480-2191450AZ</u>	<u>\$39.95</u>
Jul 16	TRANS VALUE INC6783218121GA	\$212.22
[REDACTED]	#1114: Total	\$535.78
Total Transactions for This Period		\$535.78

155. MPHO charged Peter B. for years. In all, Peter B. was charged more than \$47,000 by magazine companies from 2013 to 2019, including more than \$3,000 by MPHO.

156. Wanda Z. also submitted a response to an FBI victim questionnaire, along with copies of credit card statements and payments to other magazine companies. The materials submitted by Wanda Z. showed that she was charged by numerous magazine companies that have been identified as being involved in fraudulent magazine sales, including Your Magazine Service, MPHO, Reader Club of America, Gulf Coast Readers, and Readers Pros.

157. Wanda Z. also submitted a letter that she received from MPHO in April 2015 confirming her final payment of \$104.



158. Wanda Z. also submitted a “confirmation of cancellation” letter that she received from Online Reading Club in February 2016—the same sort of letter received by the UC agents who received calls from Online Reading Club/Readers Club during the undercover operation.

Online Reading Club 814 Jackson Ave. Oxford, MS 38655 Phone: 866-514-1897	As of: February 10, 2016
[REDACTED] Spring Grove, PA 1[REDACTED]	
Account no: [REDACTED]	
Confirmation of Cancellation *PAID IN FULL*	
Dear Mr. /Mrs. /Ms. [REDACTED],	
This letter is to inform you that we received your request for no more payments to be taken out of your bank account (Santander Bank) for the magazines that you are receiving. This is canceling any further renewals.	
You do understand the payments made up to this date can not be refunded. You will continue to receive your magazines for the amount of time reflected in your payments.	
<input checked="" type="checkbox"/> I agree to the above cancellation policy.	
Signature: [REDACTED]	Date: <u>3.25.16</u>
Thank you, <i>Billing Department</i>	

IV. CENTRAL SUBSCRIPTION SERVICES AND WEST SIDE READERZ ARE INVOLVED IN FRAUDULENT MAGAZINE SALES

159. Another company whose employees called undercover agents was Central Subscription Services. Central Subscription Services Ltd. is a Minnesota-based magazine sales company run by Jared Michelizzi. Michelizzi also runs another magazine business called West Side Readerz Inc. Both Central Subscription Services Ltd. and West Side Readerz Inc. are located at **Subject Premises 2**.

A. Individual A identified Central Subscription Service and West Side Readerz as fraudulent magazine companies

160. During his January and March 2019 proffer interviews, Individual A identified Michelizzi as someone involved in fraudulent PDS magazine sales. Individual A said that Michelizzi ran two magazine companies involved in fraudulent magazine sales—Central Subscription Service and West Side Readerz. Individual A

said that Michelizzi ran another company in San Diego, California, called Pacific Beach Readers Club or Pacific Coast Readers. According to Individual A, Michelizzi owned Pacific Beach Readers Club with a partner, Brian Williams. Individual A explained that he, Michelizzi, and Brian Williams previously shared leads and sold to the same consumers.

161. According to Minnesota Secretary of State records, Michelizzi is the CEO of Central Subscription Services, Ltd. and West Side Readerz, Inc., both of which are located in Fridley, Minnesota. California Secretary of State records show that both Michelizzi and Williams have, at various times, been listed as officers of Pacific Beach Readers Club.

162. The BBB has received several complaints against Central Subscription Service. According to the BBB website, on or about March 13, 2019, a consumer complained that s/he had received a fraudulent bill from Central Subscription for magazines s/he had never ordered:

I just received a piece of mail from this company from a previous address. The letter is dated 12-17-2018 and states that I joined Central Subscription Service and ordered four magazines. I did not place ANY order with this company! They have an order number of *****, but I do not know how this is possible, given that I never placed an order. This is a fraudulent transaction.

163. Like MPHO, Central Subscription Services also defrauded known victims of YMS. For example, Eleanor A. of Washington reported that she was charged by several magazine companies, and provided a handwritten list of charges she received from Central Subscription Services dating back to 2012.

1. Central Subscription Services
 1-1-2012-399.00
 2-20-2013-478.00
 9-20-2013/719.88
 2-21-2014/119.60
 5-29-2014/719.88
 9-12-2014 final payment 179.92

164. Another YMS victim, Joseph L., submitted a credit card statement showing he was charged by both YMS and Central Subscription Service on December 5, 2011. That same month, he was also charged \$937.66 by RCHO.

ACCOUNT ACTIVITY		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
12/17	Payment Thank You Electronic Chk	-1,907.46
12/05	YOUR MAGAZINE SERVICE 888-9159921 MN	49.50
12/05	CENTRAL SUBSCRIPTION S 666-2085250 MN	59.80
12/08	LACEY SHELL FORKED RIVER NJ	42.97
12/15	READERS GROUP 888-8634424 MN	39.85
12/15	READERS GROUP 888-8634424 MN	59.85
12/20	READERS CLUB HOME OFF 888-374-7895 MN	937.66
12/25	GREAT LAKES READERS SE 877-2535657 MN	59.80
12/25	YOUR MAGAZINE SERVICE 888-9159921 MN	49.00
01/03	TLG*PRIVGRD63523757JAN 065-067-1823 NY	12.99
01/05	RONALD FEDERMAN DDS ENGLEWOOD NJ	187.00

B. Employees of Central Subscription Services called UC agents using a fraudulent script

165. In or about December 2019, Individual A sold undercover lead sheets to another lead broker, Daniel Klibanoff, who Individual A had previously identified as someone from whom he had purchased magazine lead lists.

166. On or about December 17, 2019, Individual A placed a recorded phone call to Klibanoff at the direction of law enforcement. During the call, Individual A said he had handwritten lead sheets for magazine customers. Klibanoff was

interested in purchasing the list. Later that day, Individual A sent an email with the subject line "Hard Copy Sample" to Klibanoff. In the email, Individual A wrote:

Daniel here is the sample we spoke about on the phone. All current 2019 active accounts. FIRE!!!! I have 450 more just like it. Total of 500.

IMPORTANT NOTE

I will not be pulling any no call states from the order. Also you will have to pay for sample if you decide to purchase the other 450. Which I am sure you will!!!! You or your client can resell the no call states or send them out as a sample whatever you choose. At any rate Im [sic] sure we will be speaking again real soon. Please send me a text or email and confirm receipt of this sample.

167. Attached to the email was a PDF file containing 50 lead sheets, including a lead sheet related to a customer named "Virginia Cova." Unbeknownst to Klibanoff, "Virginia Cova" was actually an undercover employee from the Postal Inspection Service.

CUSTOMER Virginia Cova Lead Source HG-Jan
 ADDRESS P.O. Box 546 Debt # 2019 29.90
 CITY Lake Orion STATE MI Verification # 942116
 ZIP 48361 HOME # 947-888- [REDACTED]
 WORK # _____ EXT _____

CARDHOLDER'S NAME _____ APPROVAL CODE # _____
 CARD TYPE (Circle One) (VISA) MC AMEX DISC EXP. DATE 12-23 CVV # 233
 [REDACTED] 12 3 8 8
 29.90 x 30 = 897

BANK INFORMATION
 BANK NAME _____ CITY _____
 ROUTING NUMBER _____ ACCOUNT NUMBER _____
 BANK PHONE # _____ APPROVAL CODE # _____ CHECK # _____
 BANK 24 HR # _____ APPROVAL CODE # _____

SUBSCRIBER INFORMATION (Circle One) SPOUSE INFORMATION
 MALE/FEMALE MARRIED/SINGLE RENT/OWN/CLWP NAME _____
 AGE/D O B 69 YRS _____ AGE/D O B _____
 JOB TITLE Retired JOB TITLE _____
 NAME OF COMPANY _____ NAME OF COMPANY _____
 YR INCOME _____ YR INCOME _____
 E-MAIL ADDRESS _____ 3RD REFERENCE _____

MAGAZINE TITLE	MAG CODE	RENEW	NEW
<u>American Angler</u>		R	N
<u>CSW</u>		R	N
<u>OHG</u>		R	N
<u>Ladies HJ</u>		R	N
<u>Redbook</u>		R	N
		R	N

SALES PERSON Fric DATE _____ CARRIER Fric DATE _____

168. Later that day, Klibanoff responded, saying “Received! Greatly appreciated.”

169. Shortly after Individual A sent the lead lists to Klibanoff, UC agents on the lead lists began receiving and recording calls from employees at Central Subscriptions Service. Based on the recordings, the employees appeared to be using a version of the fraudulent “payment reduction” script.

170. For example, on or about December 20, 2019, “Andrew” from Central Subscriptions called the UC agent posing as “Virginia Cova.” During the call, Andrew said he was calling from “Central Subscription where we send you those magazines”

with an offer to reduce “the monthly payments that you have left and help you save a few bucks.”

ANDREW: This is Andrew giving you a call at Central Subscriptions where we send you those magazines. How are you today?

UC: I’m fine.

ANDREW: Good, and don’t worry, I’m not calling to sell any more or collect money, it’s just to check up on your account. We’ve gotten a lot of complaints from our other customers who say they are getting many too many magazine sales calls from other companies. Are you getting a bunch of unwanted calls like that?

COVA: Not from magazines.

ANDREW: Oh good, then you must be one of the lucky ones, cuz we did have a lot of complaints so we had to start a new magazine no call list. I’m going to add your name to that list and make sure that we do stop any of those unwanted calls from starting for you or make sure that they can’t get through, okay?

COVA: Okay.

ANDREW: Alright. And then also as a courtesy for the inconvenience my supervisor did go ahead and authorize a rate reduction on everybody’s account who was affected. So it just means our way of apologizing, we’re going to go ahead and just lower the monthly payments that you have left and help you save a few bucks. I betcha that won’t bother you at all, will it?

COVA: Well no.

171. Andrew said that the monthly charge was \$29.90 and that he would reduce that cost to \$19.90. When the UC agent asked what company he was calling from, Andrew responded “this is Central Subscription Service, we’re the one who sends you the Ladies, Better Homes and Garden . . . we’re sending you about four magazines each month.”

ANDREW: Okay, thank you for that. And then it looks like here that's everything for the no call list. Next I'll get the rate reduced. It says right now the monthly service charge on the account is at the \$24.90, so I'm going to go ahead and bring that down for you, save you five bucks each month, so just \$19.90.

We always handle the billing still just the three months at a time, so the ... you'll see for the time left. But once the magazines are done don't forget you'll – once the payments are done don't forget you'll still get the magazines for a couple of years without paying cuz by then you're already prepaid. You remember how that goes?

UC: Now which company is this?

ANDREW: This is Central Subscription Service, we're the ones that send you the – looks like Lady – Better Homes and Gardens, and a couple, we're sending you about four different magazines every month.

You're making payments on your Visa ending in 2388. With the payments that you have left you'll see that those are lower for you, okay?

172. This was not true. "Virginia Cova" was not a real person and she was not receiving any magazines from Central Subscription Service or any other magazine company.

173. When Andrew started to describe the reduced rate, the UC asked "And this is for the charges already on my account?" Andrew responded, "yeah, yeah, not for anything new or extra." Again, this was not true. Virginia Cova did not have an account. She owed no money. "Virginia Cova" was employee of the U.S. Postal Inspection Service acting in an undercover capacity.

174. At the end of the call, Andrew recorded a final portion of the call "for quality assurance."

ANDREW: Okay, that is fine. Today's date is December 20, 2019, and for quality assurance you understand that the call is recorded, correct?

UC: Yes.

ANDREW: Alright. And of course when I called I told you it was Andrew at The Central Subscription Service in Minnesota, correct?

UC: Oh, yes.

ANDREW: Alright, and to verify, can you say out loud your first and last name for us please?

UC: Virginia Cova.

ANDREW: Alright Virginia, and the address that I've got you down to get those magazines is out there at the Box 546, Lake Orion, Michigan, 438 – or I'm sorry, 48361, correct?

UC: Yes.

ANDREW: Alright. And it does look like I've got you down to receive a general package of ladies magazines, like the Journal, the Housekeeping, Women's Day, and I'm also going to send you the magazine Switch List. So don't forget it is free to change those if you ever want to do that, just give us a call on the toll free number on top, we're happy to make free changes to the titles, okay?

UC: Okay.

ANDREW: Alright, I got your billing set up to be handled for you monthly on the Visa card in the amount \$59.80. That card number ends in the 2388, and the card expires twelve of twenty-three, sound right?

UC: Well I only have one card.

ANDREW: Oh, okay, so that's the one I have verified for you. There are just the twenty payments going on that. And your name on the card, is it Virginia Cova? Or maybe there's a middle initial.

UC: No middle initial.

ANDREW: Okay, thank you for that. And then the billing is scheduled to be handled for you monthly on the third, first of which being the twenty-seven and after the twenty payments are made you are done and paid in full at the \$1196. Verifying the demographics, I've got your date of birth in the system, 10-22-50. Happily married to Robert, and retired living the good life. Is that right?

UC: Yes, yes.

ANDREW: It depends on what day I ask, huh?

UC: Right.

ANDREW: Then it looks like the last question I have for you before we go, are you making any monthly payments to other magazine companies besides us?

UC: Well, there's a couple on my credit card.

ANDREW: Oh, okay, well if you are that's fine, we just ask that you try to remember to keep us separate, but I'm sure that you will. Just don't forget it would be a new account separate from or in addition to any opened or closed accounts with us or anybody else.

But what I am going to do is send you a letter in the mail and in there will be everything I told you today but in writing for your records. Also will be the Magazine Switch List, my customer service number is on every page. It's 612-888-9195. Like all major companies we have fourteen days to rescind, there are no interest finances charges or hidden fees that are applied, and nothing was free.

175. Standing alone, this brief recorded conversation was designed to make it sound as though "Virginia Cova" knowingly agreed to a new magazine subscription through Central Subscription Service. But this was fraudulent and untrue. The company did not record the earlier portion of the call in which Andrew falsely claimed that he was calling about and reducing the cost of her *existing* magazine subscription.

176. On or about December 20, 2019, Central Subscription Services charged \$29.90 to the credit card issued to the Virginia Cova undercover identity.

177. As of January 2020, the UC agents on the lead lists have recorded approximately 23 calls from Central Subscription Service employees. During each of these calls, the Central Subscription Service employees used a version of the fraudulent “payment reduction” script.

C. Employees of Michelizzi’s California-based company also called UC agents using a fraudulent script

178. As of January 2020, the UC agents have also received and recorded calls from employees calling on behalf of Pacific Beach Readers Club, which Individual A previously identified as a California-based company run by Michelizzi and his partner, Brian Williams.

179. According to California Secretary of State records, Jared Michelizzi is the president and chief executive officer of Pacific Beach Readers Club. According to California Secretary of State filings, Pacific Beach Readers Club was registered on or about July 24, 2009. California Secretary of State records show that both Michelizzi and Williams have, at various times, been listed as officers of Pacific Beach Readers Club.

180. On or about December 20, 2019, Individual A—acting at the direction of law enforcement—sent another 50 lead sheets to Klibanoff. One of the lead sheets contained information about a consumer named “Timothy Brady.”

CUSTOMER Timothy Brady Lead Source PDS 12
ADDRESS 177 Paxton Rd Date # 0219 0990
CITY Salem STATE MA Verification # 169882
ZIP 01562 HOME # 508-300-9831
WORK # _____ EXT _____

CARDHOLDERS NAME Timothy Brady APPROVAL CODE # 234638
CARD TYPE (Circle One) VISA MC AMEX DISC EXP DATE 11/23 CVV#
XXXXXXXXXX 6050
3990 x 30 = 897

BANK INFORMATION
BANK NAME _____ CITY _____
ROUTING NUMBER _____ ACCOUNT NUMBER _____
BANK PHONE # _____ APPROVAL CODE # _____ CHECK # _____
BANK 24 HR # _____ APPROVAL CODE # _____

SUBSCRIBER INFORMATION (Circle One) SPOUSE INFORMATION
MA FF MA F MARRIED (SINGLE) (DIVORCED) (WIDOWED) NAME Retty
AGE 08 _____ YRS 63 AGE 08 _____
JOB TITLE Retailer JOB TITLE Teacher
NAME OF COMPANY _____ NAME OF COMPANY _____

YR. INCOME _____ YR. INCOME _____
E MAIL ADDRESS _____ SPO REFERENCE _____

MAGAZINE TITLE	MAG CODE	F	N	Y	N	Y	N
<u>Entertainment Weekly</u>		R				(N)	
<u>Popular Science</u>		R				(N)	
		R				N	
		R				N	
		R				N	
		R				N	

SALES PERSON Bob DATE 9/19 CAPPER Analy DATE 9/19

181. Unbeknownst to Klibanoff, “Timothy Brady” and the other people on the lead sheets were not real consumers. They were undercover federal agents and employees.

182. Shortly thereafter, the UC agents began receiving and recording calls from people calling on behalf of Pacific Beach Readers Club. The Pacific Beach Readers Club employees used a version of the fraudulent “payment reduction” script.

183. For example, on or about January 2, 2020, an employee who identified herself as “Caitlin with Pacific Beach Readers Club” called the UC agent posing as “Timothy Brady.” Caitlin then followed a version of the fraudulent “payment reduction” script that YMS and many other companies have used, claiming to be

calling to check on the status of his magazines and offering to reduce the cost of his magazine existing subscriptions.

CAITLIN: Hi, this is Caitlin with the Pacific Beach Readers Club. How are you doing today?

UC: Oh, I'm doing okay.

CAITLIN: Good, good to hear. I was calling to check up on those magazines. Are they all coming in and in good condition for you?

UC: I think so.

CAITLIN: Good, good to hear. Because you're getting so many magazines, we'd like to get you kept to the two or three you like the best, and what that would do for your payment is bring it down to just the subscription cost of the 995. And hey, every penny counts these days, right?

184. Caitlin told the UC agent that she was calling to help him "get the lowest price" on the magazine he was already getting.

UC: Is this – do you – are you my current magazine or is this someone else, something else?

CAITLIN: It shows here that you're already getting quite a few, so I'm just trying to help, help get you kept at the lowest price. Until those magazines end, and then I do have you noted down here, that once they're done, you don't want to receive anything else.

UC: Yes, just the two I already have.

CAITLIN: Okay, all right, it looks here like – in order to make sure everything is transferred properly and that you're kept at the lowest price, they do need to enter the billing information in. And can you just verify the expiration date on that VISA?

185. Caitlin then explained that she was going to reduce the cost of Timothy Brady's existing subscriptions \$9.95 a month, which would bring the cost of his subscriptions down to \$49.75 and save him \$250 over the life of the subscriptions.

UC: Cate – Caitlin. Okay. Did – what, what. Uh, what magazine is this for again? I, I, I can't get any new ones. I want to make sure it's, it's –

CAITLIN: Oh, yeah, I'm with the Pacific Beach Readers Club, and it looks like we have you on here for the Waterfowl and Retriever, and the Popular Science, but you do have an interchangeable package, so you can switch those whenever you like, and that's free of charge.

UC: Okay. So, and do you know how long this goes to so when I'm done with this, I don't have to pay any more?

CAITLIN: Yeah, so with the 9.95 a month, we do still bill you a few months at a time. That's going to bring your monthly payment down to the 49.75. You'll only have 24 payments remaining. You'll be paid in full, and then I do have noted down here that once they're done, you don't want to receive anything else.

UC: Okay. So is this, is this a discount then or does this work?

CAITLIN: Yeah, so like I said, you've been making the payments of the 59.80. We're bringing the payments down to 49.75. And then I do have noted down –

UC: Okay, is that –

CAITLIN: Go ahead.

UC: So is this, is that the lowest I can get?

CAITLIN: That is our lowest payment plan available, but this will save you over \$250 in the meantime. And then I do have – like I said – noted down here that once they're done, you don't want to receive anything else.

186. Of course, this was not true. Timothy Brady had no magazine subscriptions and owed no money. Timothy Brady is an undercover FBI agent.

187. At the end of the call, Caitlin explained that she would be recording the final portion of the conversation “to maintain our records” and “for your protection.”

CAITLIN: To maintain our records and to provide you with the best services possible, with your permission and for your protection, the remainder of our conversation will be recorded, okay?

UC: Oh, okay.

CAITLIN: With today's, with today's date being 1-2-2020, my name is Caitlin. I'm with the Pacific Beach Readers Club out here in San Diego, California, and I am speaking with Timothy Brady. Timothy, can you please state your mailing address for me?

UC: 197 Paxton Road, Spencer, Mass.

CAITLIN: 01562, right?

UC: Yes.

CAITLIN: Great, and just going over some personal information, date of birth is the 1-16-56. You're retired and primary phone number is 508-300-9831, is that all correct?

UC: Yes.

CAITLIN: Great, and we do have the mixed package of magazines coming out to you. Monthly payment is set at the 49.75. You'll have the 24 payments, a total of 1194. You'll be paid in full and then you'll sit back, relax and enjoy them. We have you making the payments with your VISA ending in 6050. Expiration date is 11-2023. A payment will take place today and the remaining payments take place on the first of each month. You do authorize us, the Pacific Beach Readers Club to process the payments on the first of each month, correct?

UC: And, and – yes, that's who I currently have, correct.

CAITLIN: Yeah, all we're doing for you –

UC: Is Pacific?

CAITLIN: (PAUSE) Yeah, all we're doing for you today is –

UC: (OVERLAP) I'm sorry, go ahead.

CAITLIN: Yeah, all we're doing for you is bringing those payments to the, down to 49.75. Okay?

UC: So it's saving me money?

CAITLIN: (OVERLAP) So it's just going to be the 40 –. Correct. You do authorize – and the first of each month works best for the billing for you, right?

UC: Yes, I, that's when I get my, my pi – my money and, and the saving will help.

CAITLIN: Okay, yeah. If that ever changes, feel free to give us a call. We know magazines aren't the most important bill. And then that shows up on your statement as Pacific Beach Readers Club followed by our 800 number. 1-888-713-8086. I will make sure to get you out a written copy of everything. Along with the paper work will be our toll-free number, a confirmation number, and a magazine list.

Just remember, you can switch those as often as you like, and that is free of charge. Just a quick recap here to make sure I did my job right.

Do you remember the name of our company? I know it's kind of a long one.

UC: Uh, it's the – um. The Beach Pacific, uh.

CAITLIN: (LAUGHS) Pacific Beach Readers Club, and that shows up on your statement next to the charge, and I'm also going to get you out a written copy of everything. So if you have any questions once you get that, feel free to give us a call, otherwise just go ahead, save the information. So that way you just have all our contact information in the one spot for ya.

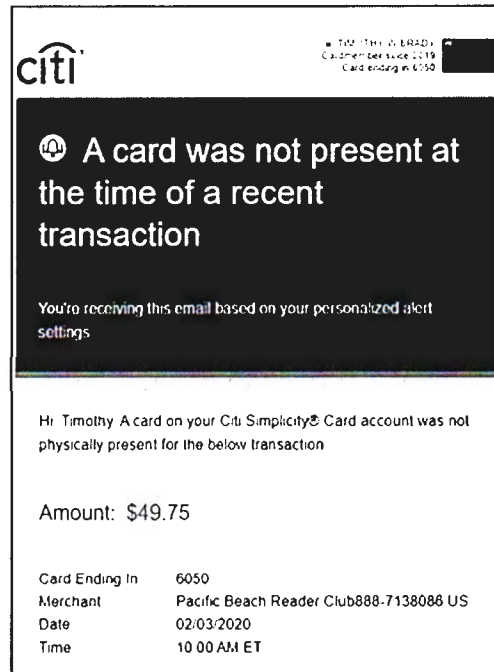
And then finally here because of our commitment to you for the full term of service and our expense to fulfill and process your order, we do ask that you stay with us and complete all 24 payments of the 49.75.

This is separate from any account you may have had in the past or are currently paying on. We do give you the 14 days to rescind the agreement. There is no interest, no finance charge. ... cost nothing and the offer was free.

Now once again, Timothy, my name's Caitlin. I'm with the Pacific Beach Readers Club and I may get a written copy of everything out to you. If you have any questions once you get that, feel free to give us a call. Otherwise, you just do me a favor and enjoy the rest of your day out there, okay?

188. Standing alone, this brief recorded conversation was designed to make it sound as though "Timothy Brady" knowingly agreed to make 24 payments of \$49.75. But this was fraudulent and misleading. The company did not record the earlier call in which Caitlin falsely claimed that she was calling about and reducing the cost of his *existing* magazine subscription.

189. The next day, Pacific Beach Readers Club charged \$49.75 to the credit card issued to the "Timothy Brady" undercover identity.



190. In all, UC agents received and recorded approximately five calls from employees calling on behalf of Pacific Beach Readers Club. During each of these calls, the employee used a version of the fraudulent “payment reduction” script.

V. READERS CLUB HOME OFFICE/PACIFIC RENEWAL SERVICE ARE INVOLVED IN FRAUDULENT MAGAZINE SALES

191. During the investigation the government identified Readers Club Home Office (“RCHO”), also known as Pacific Renewal Service, as a company involved in fraudulent magazine sales. RCHO was incorporated in 2008 and is located at **Subject Premises 3**.

A. Individual A identified RCHO as a company involved in fraudulent magazine sales

192. During his interview in January 2019, Individual A explained that he worked at a company called RCHO from 2006 through March 2007. According to Individual A, RCHO is a magazine sales company owned by Brian Williams.

193. Individual A explained that Williams and RCHO used a script to make telemarketing calls. Individual A described the script as “not clean” and that his sales were almost always fraudulent. According to Individual A, Williams told customers he was reducing the cost of their existing magazine subscription when, in reality, he was signing them up for a brand new subscription.

194. Records obtained from YMS and RCHO show that the companies had 3,136 customers in common—that is, approximately 3,136 consumers were signed up for magazine subscription packages with both YMS and RCHO.

195. During the investigation of Individual A, the government obtained a Individual A’s email account, both through a federal search warrant and from the

Minnesota Attorney General's Office. Agents recovered emails between Individual A and Brian Williams dating back to 2006. In many of those communications, Williams and Individual A exchanged lead lists. On or about June 1, 2011, for example, Williams sent an excel spreadsheet continuing magazine sales lead to Individual A. In the body of the email, Williams said, "Fire file. Our crew smashed on them."

196. On or about May 24, 2011, Williams emailed a list of 4,500 magazine sales leads. The following day, Individual A responded with "a printoff of the results when [I] loaded the file from Klibanoff you sent me. We already had purchased 6000 of these from you and Im afraid that a lot of those got resent to me in the batch of 4500 you sent yesterday." As explained above, Daniel Klibanoff is a lead broker who Individual A has identified as a buyer and seller of handwritten lead lists used by fraudulent magazine companies.

B. Former employees have identified RCHO/Pacific Renewal as being involved in fraudulent magazine sales

197. During the investigation, agents interviewed a former employee of RCHO ("Individual MS"). Individual MS worked as a telemarketer at RCHO for approximately 2-3 months beginning in August 2017. Individual MS explained that she and other RCHO employees used a script to convince the caller they were calling from their existing magazine service. She said that the script began by advising the caller that she was calling from readers club and to "see if your magazines are arriving on time and in good condition." Individual MS said that she was instructed to follow the script and that the script did not explain that the consumers were signing up for a new magazine subscription. Individual MS agreed that the goal of

the call was to convince the consumer that she was calling from the consumer's magazine company and to collect information about the consumer, such as their name, address, and credit card payment information.

198. According to Individual MS, the script directed her and other RCHO employees to pass the call to a closer and explained that she was transferring the consumer to her supervisor because she was new and her supervisor needed to ensure she was polite. Individual MS was not sure if the closer was trying to sell a new magazine subscription or renew an existing subscription. Individual MS never heard a closer call because the closers sat in a different room. However, Individual MS believed that the closers had a rebuttal script for use in helping them. Individual MS understood that the closing portion of the call was recorded.

199. Individual MS said that the lead sheets were used over and over and it was not uncommon to call the same person multiple times. The same script was used each time, regardless of whether the person had been called before. Individual MS said that the lead sheets were collected and kept in filing cabinets each night.

200. Individual MS acknowledged that the script was deceptive and made the caller believe they were from their existing magazine service as a "courtesy call." Individual MS described RCHO as "shady," and said that the business called many elderly people. Individual MS said she would never go back to work at RCHO.

201. Individual MS explained that she received several calls from consumers upset with RCHO. Some of these individuals complained that they had already paid their subscription, that they were not receiving magazines, or that they had just been

called a few days prior. Individual MS said that she also received more serious complaints from consumers who said they were filing complaints with an attorney general's office. Individual MS was instructed to direct complaints to closers so the closers could rebut the complaints.

202. On December 31, 2019, an RCHO employee, Individual S, called the FBI to report that RCHO and its successor company, Pacific Renewal Service, overbilling customers. Individual S said that she was the office manager at RCHO and that she had worked there for eight years. Individual S explained that the company had changed its name several times and that it was currently operating as Pacific Renewal Service. Individual S said that RCHO/Pacific Renewal Service had an eight-person sales staff who sold subscriptions to mainly elderly consumers. Individual S said that RCHO/Pacific Renewal Service sold \$29.00 subscriptions and charged \$300 to \$500 on consumers' credit cards or bank accounts. Individual S explained that this was not an annual subscription rate, but charges that recurred multiple times throughout the years. Individual S said that an employee in RCHO's billing department was overcharging customers credit cards beyond what was authorized. Individual S said that some consumers had complained but nothing had been done.⁶

⁶ When agents later interviewed her, Individual S told agents that when she originally submitted her complaint to the FBI on December 31, 2019, she used a fake first name to protect her identity.

C. The BBB has received numerous complaints against both RCHO and Pacific Renewal Service

203. The BBB has received numerous complaints against both RCHO and Pacific Renewal Service. On or about January 24, 2018, for example, Individual RH complained that “I get harassing phone calls asserting that I must pay for magazines that I do not receive. On top of this, they [RCHO] do not allow you to cancel membership. I feel swindled and that their business practices are very unethical. They are sending my bills to collections which I want resolved.”

204. Individual KL submitted a BBB complaint related to RCHO in November 2018. Individual KL said that she “received a credit card charge from Readers Club House . . . I have never heard of them. They say I signed up for magazines costing 29.95 / month. I never signed for this, and want the subscription cancelled. I hope you can follow up. They told me I could not cancel it.”

205. In or about September 2018, Individual AT submitted a complaint to the BBB stating that he had received a bill saying he owed RCHO because his credit card was denied when they tried to charge it. Individual AT wrote, “my bank card has been compromised three times, pro[bably] because of company[ies] like this.” In his complaint, which was sent to RCHO by the BBB, Individual AT said “got a letter a month ago from the FBI investigating this company” and that he “filled out the form that was given to me.”

206. The BBB began receiving complaints against Pacific Renewal Service in December 2018, around when Individual S said that RCHO changed its name to Pacific Renewal Service. The BBB has received 11 complaints against the company

between December 2018 and January 2020. These complaints involved fraudulent activity consistent with the magazine sales fraud scheme being carried out by magazine sales companies in Minnesota and across the country.

207. In or about January 2019, for example, Individual JL submitted a BBB complaint saying that Pacific Renewal Service had started billing him \$29.90 a month after calling and offering to discount an existing magazine bill:

This magazine renewal service contacted me telling me that they were seeing if they could discount my magazine bill. I told them from the start that i did not want any new orders. I repeated this several times. The following month there was a \$29.90 charge on my debit card. I called them and complained. They refunded my money and apologized. Then the next month. The same charge. When i called, they told me i had made a order and that it was too late to cancel. I insisted that they cancel the order and that i had made no order. This has been going on for a year. They take my money, refuse to refund and cancel. Now with the new year, they took \$30.90 off my card on the 3rd of Jan. 2019. And on the 4th, they took another \$30.90. I'm on SSI and get only \$821 to live on every month and I'm tired of being robbed!! Please help!!

208. In September 2019, another consumer complained that Pacific Renewal Service had said it was lowering an existing payment while actually charging for an entirely new subscription:

[T]his company tricked me into subscribing to their magazine service. when I tried to cancel they wouldn't let me they then deceived me by telling me they would lower my monthly payment. what they actually did was open another account and are now charging me for that too. when I tried too call them to correct that they wouldn't let me they said I would have to pay off the whole contract of about 400\$ I told them this was there mistake and I did not authorize it they said there manager would call me and they never did when I tried to call back I could not get a hold of them.

D. RCHO has defrauded victims of YMS

209. Victims who responded to the YMS victim questionnaire also reported having been defrauded by RCHO. As discussed above, for example, Joseph L. is a 70-year old retiree from New Jersey who sent the FBI copies of his credit card statements along with his victim questionnaire. Joseph L.'s credit card statements showed that he was billed by multiple magazine companies, including RCHO. For example, RCHO billed Joseph L. three times in August 2011 alone—\$59.99 on August 23, \$470.32 on August 23, and \$59.80 on August 28.

ACCOUNT ACTIVITY		
Date of Transaction	Merchant Name or Transaction Description	\$ Amount
06/13	Payment Thank You Electronic Chk	-479.41
08/05	MAGAZINE SERVICE CENTE 800-8726520 MN	59.80
08/05	YOUR MAGAZINE SERVICE 866-9159921 MN	49.90
08/08	NEW JERSEY E-ZPASS 888-288-6865 NJ	25.00
08/11	CERTIFIED READERS INC 651-4571648 MN	39.90
08/14	SURFLIGHT THEATRE BEACH HAVEN NJ	36.00
08/15	READERS GROUP 888-8634424 MN	59.85
08/23	READERS CLUB HOME OFFI 866-374-7895 MN	59.99
08/23	READERS CLUB HOME OFFI 866-374-7895 MN	470.32
08/25	GREAT LAKES READERS SE 877-2539657 MN	59.80
08/25	YOUR MAGAZINE SERVICE 866-9159921 MN	49.90
08/27	MEDCO HEALTH FAIRFIELD 08002822881 OH	74.68
08/28	MAGAZINE SVO II 800-511-9287 KS	69.90
08/28	READERS CLUB HOME OFFI 866-374-7895 MN	59.80
08/27	UNITED BENEFIT ADVANTA 800-480-6936 KS	5.95
Total fees charged in 2011		\$0.00
Total interest charged in 2011		\$0.00
Year-to-date totals reflect all charges minus any refunds applied to your account.		

210. Judith S, a 77-year old from West Virginia, submitted a copy of a letter from RCHO along with her victim questionnaire. The letter, dated February 5, 2018, said that Judith S. owed RCHO \$399.

READERS CLUB HOME OFFICE PO Box 645
SOUTH SAINT PAUL, MN 55075
866-374-7895

02/05/2014 Order Reference Number: [REDACTED]

JUDITH S [REDACTED]
[REDACTED], WV 26354-9737

Dear JUDITH S [REDACTED],

This letter is provided to inform you that a payment in the amount of \$39.90 is due.

WE APPRECIATE YOUR BUSINESS AND WANT TO THANK YOU IN ADVANCE FOR TAKING CARE OF THIS AT THIS TIME.

TO AVOID LATE CHARGES PLEASE REMIT THE AMOUNT DUE IMMEDIATELY.

A payment of \$399.00 will pay your entire balance.

PLEASE DETACH THIS PORTION AND RETURN WITH PAYMENT

Account: [REDACTED]

CURRENT CHARGES	PAST DUE AMOUNT	TOTAL DUE	PAYOFF AMOUNT	DUE DATE
\$39.90	\$239.40	\$354.30	\$399.00	NOW

AMOUNT ENCLOSED: _____

READERS CLUB HOME OFFICE
PO Box 645
SOUTH SAINT PAUL, MN, 55075

211. Another victim, Carolyn N., reported that RCHO started sending and charging her for magazines she did not order and did not want.

Readers Club Home Office, 1-888-803-0952
I received a letter with the order # [REDACTED] on 9/23/2014 thanking me for joining their company. The payments were \$29.90 per month for 20 months, totaling \$598.00.

The magazines listed were: Reminisce, Good Old Days, Taste of Home, Watch and more. I did not want these magazines, nor did I order them.

On 9/29/2014 \$29.90 was sent by VISA to 1-866-374-7895. I confirmed with Cathy on 8/04/2014 that the account had been closed. She gave me the Code# [REDACTED] as confirmation of closure . There is another phone number: 1-651-493-4599

On 9/30/2014, Keith called me and I reminded him of the cancellation Code # 1948 and that I was also on the do not call list.

I called Ricardo on 10/02/2014, who helped me cancel this order. My cancellation was # [REDACTED]. I was also put on their DO NOT CALL list.

I am refusing to accept any phone calls from this company

VI. GENERAL SUBSCRIPTION SERVICES, INC. AND AMERIMAG SERVICES, INC. ARE INVOLVED IN FRAUDULENT MAGAZINE SALES

212. Another company identified as being involved in fraudulent magazine sales is General Subscription Services, also known as Amerimag Services Inc. and Amerimag Service Center. As explained above, these companies are currently being operated out of **Subject Premises 4**.

A. Individual A identified General Subscription Services and Amerimag as being involved in fraudulent magazine sales

213. Individual A identified General Subscription Services, Inc. (“GSS”) during his initial proffer interview in January 2019. Individual A said GSS was owned by a woman named Stacey Persons. According to Individual A, Persons provided a script that directed her employees to falsely claim they were calling to give customers an opportunity to reduce the number of payments owed on existing magazine subscription packages. According to Individual A, this script was fraudulent and Persons’s employees were actually calling to sign people up for new magazine subscription packages.

214. Minnesota Secretary of State records show that Persons registered three magazine-related companies in Minnesota—General Subscription Services, Inc., Amerimag Services, Inc., and Amerimag Service Center, Inc.

215. During the investigation of YMS and Individual A, agents found emails from Persons to Individual A forwarding copies of Persons's list of leads. On or about January 11, 2010, for example, Persons sent a list of leads to Individual A. The subject line of the email was "meow meow lets [sic] get rich bitches." That same day, Persons sent an email containing another list of sales leads to Individual A. In the body of the email, Persons wrote: "These names ran \$1.50 a piece [sic]. I paid for them after I tested them. I will figure out the math and let you know what's owed."

216. Records obtained from YMS and General Subscription Services show that the companies have 754 customers in common—that is, approximately 754 consumers were signed up for subscription packages with both YMS and General Subscription Services. Approximately 489 customers were signed up for magazine subscription packages with YMS, General Subscription Services, *and* RCHO.

B. The BBB has received complaints against both GSS and Amerimag

217. The BBB has received complaints about both General Subscription Services and Amerimag. In or about May 2019, for example, the BBB received a complaint that Amerimag had been scamming an elderly man "so they can bill him for something he doesn't understand he is buying":

My father . . . is in his late 70's and enjoys talking with people on the phone; however, he often does not understand when unethical sales people call and scam him into verifying his personal information so they can bill him for something he doesn't understand he is buying. Attempts to reach this company and stop this subscription have been unsuccessful (no one answers the number listed on the BBB website). Please intervene on my father's behalf and ask this company to discontinue billing my father, refund any and all previous charges as he has not received any magazines from them, and take his name off the call list.

Soliciting the elderly and scamming them into purchasing unwanted items is unethical and should be prosecuted.

C. Two former employees contacted the Minnesota Attorney General about GSS/Amerimag's fraudulent business practices

218. In 2018, two former employees of General Subscription Services/Amerimag Services contacted the Minnesota Attorney General's Office to raise a whistleblower complaint regarding the companies' fraudulent business practices. Agents interviewed the two whistleblowers, separately, in February 2019. Both former employees said that GSS, and a related company operating out of the same office space (Amerimag Services, Inc.), were run in a fraudulent manner.

219. On or about February 11, 2019, agents interviewed Individual B, a former employee who worked at General Subscription Services, Inc. and Amerimag Services, Inc. from 2014 through April 2016. Individual B told agents that Stacey Persons owned two magazine subscription companies—General Subscription Services and Amerimag Services, Inc. According to Individual B, the companies were essentially the same. Persons alternated between the companies so she could stay under the radar and avoid scrutiny from the Minnesota Attorney General's Office.

220. Individual B said that Persons gave employees a script directing employees to lie to customers into unknowingly signing up for magazine subscriptions. Specifically, Individual B explained that the script directed employees to tell consumers (falsely) that they were calling to check on the status of their existing magazine subscription and to offer them a reduction in their current monthly payment. Individual B said this was not true. The employees were not calling to offer a reduction on an existing subscription, but rather to sign the consumers up for a

brand new magazine subscription package. Individual B explained that the script tricked consumers into believing that they had an existing subscription with General Subscription Services/Amerimag Services.

221. Individual B further explained that after consumers agreed to receive a reduction in their monthly payments, Persons's script directed employees to transfer them to a "closer" to finish the call. Persons gave employees a closing script to use during the closing portion of the calls. Individual B had a copy of the closing script, which she provided to agents. The closing script directed the closers to tell consumers, falsely, that they were going to receive a reduction in their existing payments:

CAP SCRIPT

Hi, [name], hello, my name is Betty, I'm one of the Supervisors here. Looks like you were speaking with [salesperson] were they polite and courteous for you? Oh good- I always like to double check. Looks like they have you down to knock some payments off your service, is that right? ok lets verify our records here [own/rent] [occupation][date of birth]

It shows here when you first signed up, you were at the 30 monthly payments, you do only have the 24 remaining, so lets see- today, I can knock you down to only 18 payments remaining at that 49.90 price. How does that sound?

222. The closing script then directed employees to obtain the consumers' credit card information.

It looks like you have everything set to be handled through that visa ending in [numbers]. And do you have a middle intial on there? And whenever we do any changes to the billing, like we are doing today, I do need to go over that number with you. Great, if you can read that back to me, in groups of four..

223. Once the consumer had agreed and provided their credit card information, the script directed the closer to record the final portion of the call where the consumer unwittingly agreed to receive a new magazine subscription package.

Ok, so now what I'm going to do is get you put into the DNC-tape filing system. That's going to sort your name out so you don't receive any future calls from our office- we are just going over your payment drop and your info one more time. Do you have any questions for me before I start that? [keep asking] ok, great- all I need from you is a very clear yes as I run through my questions. If you come across something you'd like to ask me about, if you just want to hold it to the end , I can answer it for you then- that way we wont have to start that tape all over. Sound good?

Start tape

We do keep our records on tape here, so as I go over everything, with your permission the conversation will be recorded, ok? [get a clear yes]

Again, I'm BETTY with Amerimag Services and you are [first and last name]. your address is [street, city, state and zip] is that all correct? [get clear yes]

And the magazines we'll service for you are the general [men's/women] package. The magazine list will arrive in 3-5 days along with our toll free number.

Your monthly payments are set up at the 49.90 for the 18 monthly payments, after that you'll be paid in full but you'll still get your magazines, you just wont be making anymore payments for them

224. Individual B explained that Persons directed employees to only record this final portion of the call. If consumers asked a question during this final portion of the call, employees were to stop the recording and start over.

225. Agents interviewed the second whistleblower, Individual C, in February 2019. Individual C worked at General Subscription Services from approximately June 2014 to June 2015. Individual C told agents that Persons provided employees with a script to use in making telemarketing calls. According to Individual C, this script directed employees to falsely represent that they were calling from the magazine publisher to check on the status of their existing magazine subscription and to see whether the magazines were arriving on time and in good condition. Individual C said the goal was to obtain credit card and other information from the consumers that could be passed on to the "capper" or "closer," who would later come on the call to finalize the sale. Individual C said that the script called for employees to ask the

consumer to “verify” their credit card number, which was actually just a ruse to obtain their credit card number.

226. Individual C said once that information had been obtained, the scripts directed the employees to pass the consumer on to a “capper” or “closer,” who would complete the sale. According to Individual C, the closing scripts were designed to convince consumers that the company was going to reduce the amount owed on existing magazine subscriptions when they were actually signing consumers up for brand new magazine subscriptions. Individual C said that customers did not know they were being signed up for new subscriptions but instead believed they were simply receiving a reduction in the number of payments owed on an existing subscription.

227. Individual C said that employees were directed to record the final portion of the call. According to Individual C, the goal of this taped portion of the call was to get the customer to say “yes” to each of the questions. If the consumer objected or asked questions, employees were to stop the tape and start over from the beginning of the closing script. Individual C said that closers were trained to “straight out lie” if consumers asked questions. Individual C said that closers would try to make consumers feel stupid for not wanting to reduce the payments on their subscription. If consumers objected, closers would falsely tell them they would not have any new payments but would instead only see a reduction in the already-owed payments.

228. Individual C said copies of the recorded calls were kept in case customers later disputed the charges. The company initially recorded the calls on

magnetic tape but later switched to digital recordings. The company only kept the clean version of the recordings and would discard any recordings during which customers objected. Individual C said that the tape recordings were kept onsite at the company office.

D. Amerimag employees called UC agents using a fraudulent script

229. As part of the undercover operation, in November and December 2019, Individual A sent lead lists to Klibanoff at the direction of law enforcement. Each of the 50 lead sheets contained information about a customer who had existing magazine subscriptions, including the customer's name, address, age, profession, credit card number, and a list of magazines to which the customer was a subscriber. As discussed above, the lead sheets were fake, created by law enforcement in the course of the investigation to determine if the magazine companies to which Klibanoff distributed the list were engaged in fraudulent sales tactics.

230. One of the lead sheets was for "Chris Lee" of Riverdale, Georgia.

CUSTOMER Chris Lee Last Name PDS
ADDRESS 6530 Cargile St Order # 2019-4990
CITY Rivendale STATE GA Verification # 792583
ZIP 30274 HOME # 470-798-XXXX
WORK # _____ EXT _____

CARDHOLDER'S NAME Chris Lee APPROVAL CODE # 195437
CARD TYPE (Circle One) VISA MC AMEX DISC EXP DATE 12/23 CVV # 190
[Redacted] 4 2 3 1
\$49.90 x 20 = \$998

DATE OF BIRTH _____ CITY _____
STREET NUMBER _____ ACCOUNT NUMBER _____
BANK PREFIX # _____ APPROVAL CODE # _____ CHECK # _____
BANK COUNTRY # _____ APPROVAL CODE # _____

PERSONAL INFORMATION (Circle One) SOURCE INFORMATION
 MARRIED SINGLE DIVORCED NAME _____
AGE DOB 65 YRS AGE DOB _____
JOB TITLE Engineer JOB TITLE _____
NAME OF COMPANY _____ NAME OF COMPANY _____
YR INCOME _____ YR INCOME _____
E-MAIL ADDRESS _____ 2ND REFERENCE _____

MAGAZINE TITLE	MAG CODE	MP	NEW	REV
<u>Red Engine</u>		R	N	
<u>Popular Mechanics</u>		R	N	
<u>Beer Conn Occas</u>		R	N	
		R	N	
		R	N	

SALES PERSON Sue DATE 10/1/19 CAPLER Liz DATE 10/1/19

231. Unbeknownst to Klibanoff, “Chris Lee” and the other names on the lead sheets were not real people; they were undercover federal agents.

232. On or about December 18, 2019, an employee from Amerimag called the undercover agent posing as “Chris Lee.” During the call, the employee—who identified herself as “LeeAnn”—claimed to be calling from “the publishers” to see if his magazines were arriving on time and to see if Chris Lee wanted to renew his subscriptions to “Red Engine, Popular Mechanics, and a beer magazine”—the three magazines listed on the Chris Lee lead sheet.

LEEANN: This is Leann with the publishers, the folks that send out magazines. How are you today?

UC: Oh, I’m good, who did you say you were with now?

LEEANN: With the publishers.

UC: Oh, the publishers, okay. Well which – for my magazines?

LEEANN: Yes.

UC: Okay.

LEEANN: We were just giving you a courtesy call to see if they are arriving on time.

UC: Yeah, I generally – they generally come in, you know, on time.

LEEANN: Perfect. The main reason we are calling is it does show you are coming up to the halfway point on the service. And we are wondering if you'd be interested in letting them renew?

UC: I don't know about renewing, what exactly, how much is that going to cost and what are we renewing for?

LEEANN: It depends on what you'd be interested in. You could do a one-year renewal, or a two year renewal. And the price would be the same, the \$49.90 a month for the three magazines.

233. But Chris Lee was not a real person and had no magazine subscriptions.

LeeAnn was simply using the information on the lead sheet to make it seem as though she and her company already were providing magazine subscriptions to Chris Lee.

234. When the undercover agent asked what company she was calling from, LeeAnn said she was calling from “the Publisher’s Magazine Company,” which provided all three magazine subscriptions. LeeAnn said the renewal would just extend his existing subscriptions to the same magazines at the same rate.

UC: Okay, let me think. Which company are you with?

LEEANN: This is with the Publishers Magazine Company. It looks like you're getting the—I believe it's Red Engine, Popular Mechanics, and a beer magazine.

UC: Yes, yes, those are mine. So I'm trying to understand what you're offering here today. So the three magazines are up for renewal?

LEEANN: You're at the halfway point right now, so you still do have time on them. We're just calling to see – because we can list the account now with the renewal, or we can put it where it does not renew.

UC: Okay. Let's see. I might be interested in a renewal – I'm just kind of unsure which company you all are with right now.

LEEANN: Just under the Publisher's Magazine Company.

UC: Publisher's Magazine Company. Okay. Publisher's Magazine Company, alright. And you represent all three magazines?

LEEANN: Yes.

UC: Okay. And you're offering \$49.90, is that a monthly?

LEEANN: Yeah, it's currently the same price that you're at, it's the same deal that you're already on.

UC: Sure, sure. It does sound right. And that's not going to – it's not going to double charge me to sign up?

LEEANN: No, there'll be no double charging. It'll just continue on versus getting cut off. So what I'll just do for you is just say yes, you would like to renew for this amount of time, and then you'll get a call back half way through to see if you would like to renew again or if you would like to cancel at that time.

235. The undercover agent ended the call and asked that LeeAnn call back in 15 minutes.

236. Two days later, another employee called back. This second employee identified herself as Cali. She offered to extend the existing subscription for another

year or two at the existing \$49.90 monthly rate. Cali explained this would be “for the three [magazines] you are already getting.”

UC: That’s right, that’s right. So yeah, anyways, she’d mentioned renewing for was it \$49.90 a month?

CALI: That’s correct.

UC: Okay.

CALI: And did you just want to renew for the one year and then we could give you a call back to see if you want to go longer than that?

UC: And that’s just the magazines I already have, you’re not signing me up for anything new today, right?

CALI: Yeah, that’s regarding the three ... you’re already getting.

237. But this was not true. Chris Lee was not a real person and he did not have any existing magazine subscriptions. Cali was simply using the information on the lead sheet to trick the consumer into agreeing to make \$49.90 monthly payments.

238. During the call, the undercover agent asked how the charges would show up on his bill. Cali explained she thought the charges would show up as “Amerimag Services.” When the undercover later asked where the company was located, “Cali” explained that the company was located in Minnesota. At the end of the call, the undercover agent agreed to renew his existing magazine subscriptions.

239. Before the end of the call, Cali confirmed that the \$49.90 cost would be for the renewal of Chris Lee’s existing magazine subscriptions.

CALI: Perfect, and so it is just going to be for one year, so twelve months. And then when that does come up towards the end we’ll give you a call to see if you still want to enjoy them or if you want the account listed with the do not renew.

UC: Twelve months subscription?

CALI: Yes.

UC: Okay, and it would be \$49.90 a month?

CALI: That's correct.

UC: And that'll be for the magazines that I'm already subscribed to.

CALI: Yes.

240. At the end of the call, Cali recorded a final portion "for our records."

CALI: We do keep our records on tape. So as I briefly go over everything with your permission our conversation will be recorded for the best possible service. Again I'm Cali with Amerimag Services, and you're Chris Lee at 6530 Cargile Street in Riverdale, zip code 30274.

UC: Yes, that's me.

CALI: Perfect. The magazines we service for you is a general package, your monthly payments are set up at the \$49.90 each month for twelve months. After those twelve monthly payments your account would be paid in full. Is that the way you understood it?

UC: Uh huh.

CALI: Your payments are handled on Visa card ending in 4231, expiration 12/23, CVV's 190.

UC: Yeah.

CALI: With no middle initial. We do have your permission just to process those twelve payments of the \$49.90. But that's just once a month on that Visa card.

UC: Yes.

CALI: Today's date being December 20th, 2019, the next payment will take place within the next ten business days. And the remaining eleven payments will stay on the first of the month thereafter. Once you've completed all twelve payments the account would be paid in full for \$598.80.

Going over everything here with you real quick, you're an engineer, you're married, you own your home, and you're sixty-five years old, is that all correct?

UC: That's all correct, yes.

CALI: Perfect. We'll get everything sent out to you first thing in the morning, the copy of the order, the written guarantee, our up to date magazine switch list. Feel free to switch those magazines any time during the service at no additional cost.

Our toll free number 877-880-6247. Like any major company we do grant you the right to rescind any agreement within the first ten business days. There's no interest, no finance charge, no hidden costs, nothing in the offer is free.

If you're making any monthly payments with any other companies on a monthly basis, this would be a separate account in addition to separate from any accounts you had in the past or are currently paying on. If anyone else calls, let them know you're all set.

Again it's just twelve payments at the \$49.90, then your account would be paid in full. We are Amerimag Services out of Blaine, Minnesota. We have no other locations or affiliations with any other companies. And I thank you for your time and patience.

241. Standing alone, this brief recorded conversation was designed to make it sound as though Chris knowingly agreed to make 12 payments of \$49.90. But this was fraudulent and misleading. The company did not record the earlier call in which Cali falsely claimed that she was calling about and renewing Chris Lee's *existing* magazine subscription

242. On or about December 20, 2020, Amerimag Services charged \$49.90 to the credit card listed on the credit card in the Chris Lee undercover identity.

Date	Description	Amount	Running Balance
Dec 20, 2019	AMERIMAG SERVICES INC 877-880-6247 MN	\$49.90	\$91.32
	Purchased On Dec 20, 2019		
	Posted On Dec 20, 2019		
	Category Merchandise - Direct Marketing-continuity Subscription		
	Merchant Country United States		

VII. ALL AMERICAN READERS/GREAT AMERICAN READERS ARE INVOLVED IN FRAUDULENT MAGAZINE SALES

243. During the investigation, the government also identified All American Readers and Great American Readers as Minnesota-based companies involved in fraudulent magazine sales. As explained above, All American Readers is located at Subject Premises 5.

A. Individual A identified Peter and Chris Hanssen as being involved in fraudulent magazine sales

244. During his proffer interviews, Individual A referenced another magazine company called Blue Whale Publications, run by Peter Hanssen. Individual A said that Peter Hanssen was previously involved in fraudulent PDS sales. Individual A said that Chris Hanssen also runs a company that does fraudulent PDS sales.

245. According to Individual A, Peter Hanssen is the father-in-law of Monica Hanssen, who owns MPH0. According to Individual A, Monica Hanssen worked for Peter Hanssen before starting MPH0.

246. According to Minnesota Secretary of State records, Peter Hanssen is the Manager of Great American Readers, LLC and Loren C. Hanssen is the CEO of All American Readers, Inc. Based on the investigation, Loren Christopher Hanssen is believed to be the son of Peter Hanssen and the brother of Tim Hanssen, who has been employed at MPH0.

B. The BBB has received many complaints about Great American Readers and All American Readers

247. Both Great American Readers and All American Readers have been the subject of significant complaints to the BBB. The BBB has received approximately 100 complaints relating to Great American Readers in the last three years. The BBB has received approximately 30 complaints relating to All American Readers in the last three years.

248. In January 2019, Individual PH told the BBB that All American Readers “took 50\$ off my card without telling me they was charging me that.” Individual PH further explained:

When I called back and asked why i was cussed out by a “floor manager” who refused to transfer to another manager i was told to call my card company which i did to reverse the payment and was told they couldn't because they did not have the amount pending i called all American readers back and still no help they wont give me my money back they told me to call the card company back so i did they told me the same thing my card company also emailed all American readers and now im blocked from even calling them all i want is my money back but instead they cuss me out argue with me and beat around the bush about what im asking.

249. The BBB complaints go back years. In December 2017, Individual KT complained to the BBB that Great American Readers “does not take no for an answer.” Individual KT said s/he explained that he was not interested in their

magazines, but that “[t]he next thing I know they are taking \$49.40 off of my debit card.” Individual KT said that s/he was disputing the charges as fraudulent with his/her debit card company.

250. In another example, in or about July 2019, for example, Individual GC told the BBB that Great American Readers “has unsavory business practices. The[y] appear to be cordial to get your information long enough to get your information and process without your prior knowledge. Then you become bombarded by telemarketers using a series of phone numbers . . .”

251. Similarly, in April 2017, Individual DB told the BBB that Great American Readers “is a sham.” Individual DB explained “[t]hey’ll say that if you subscribe to their selection of magazines for a \$2 charge with the magazines already paid. Then they hit you with a \$49.90 charge. If you contact them to cancel, they’ll tell you that you are past the deadline to cancel, so be bought are unable to cancel and are hit with a monthly \$49.90 charge on your credit card.”

252. Multiple victims have also provided statements to investigators regarding the conduct of Great American Readers. For example, Individual DJ said that he received a phone solicitation from Great American Readers offering him a promotional deal on magazine subscriptions. Although Individual DJ was told by a salesperson that he would only be required to pay a total of \$300, he ultimately received calls from Great American Readers telling him that he was responsible for the full amount of \$1,000. When Individual DJ indicated to the salesperson that he never agreed to such a deal, the salesperson played back a portion of a recording of

the original sales call in which Individual DJ answered “yes” to questions. According to Individual DJ, however, the recordings omitted key portions of the call in which there was discussion of the promotional price of \$300. Great American Readers eventually agreed to end collections against Individual DJ if he agreed to remove his negative review from the BBB website.

253. Several victims who responded to the YMS victim questionnaire indicated that they were also victimized by Great American Readers. Sandra T. submitted a copy of a letter along with her questionnaire that she had previously sent to a number of magazine who continued to call her and/or send her unwanted magazines, including Great American Readers. All of the companies on the list—including Midwest Publishers, RCHO, and Readers Club of America—are known to be involved in the fraudulent magazine sales scheme.

Dec. 30, 2017

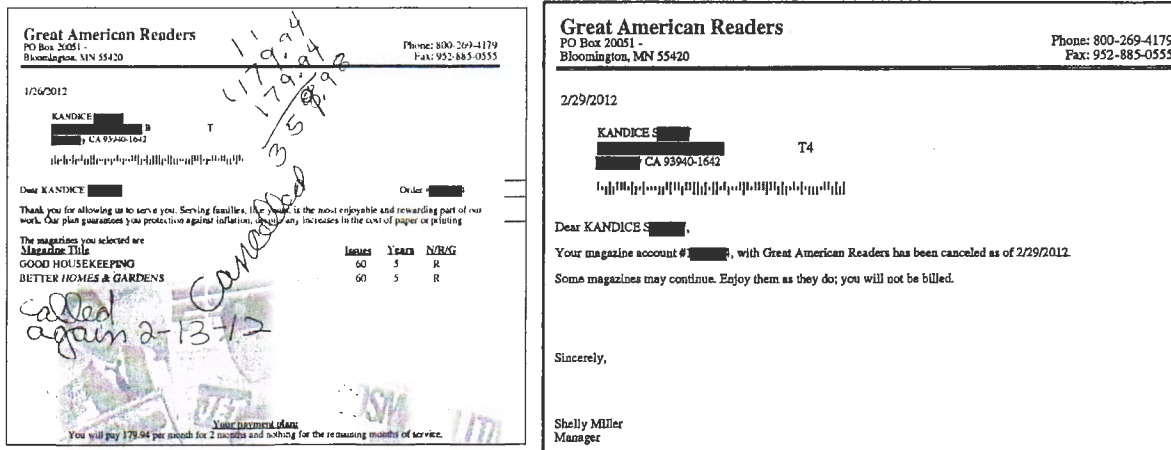
To whom it may concern:

I no longer wish to have your services and request that you remove me from your phone call list. I am listed under your lists be several names Sandra, and Sande [REDACTED], please remove them all. Because I receive more than one companies calls and magazines I am sending this letter to all of you noted below:

Reader's Club Home Office P.O. Box 201433 Bloomington, MN 55420	Twin City Readers PO. Box 201706 Bloomington, MN 55420
Midwest Publishers Inc. P.O. Box 28265 Crystal. MN 55429	Readers Club of America P. O. Box 191 Thayer, Mo. 65791
Great American Readers P.O. Box 20051 Bloomington, MN 55420	Service Center of North America 11 North Water Street Suite 10290 Mobile, AL 36602

Please discontinue with the phone calls and put my orders on cease after contract fulfilled.
Please do not call any of my phone numbers. My work almost fired me.

254. Another YMS victim, Kandace S., submitted letters showing she had been billed by Great American Readers in January 2012.



C. Chris Hanssen and Peter Hanssen discussed credit card chargebacks related to fraudulent magazine sales

255. During the investigation, the government obtained federal warrants to search email addresses used by Chris Hanssen and Peter Hanssen. A review of those emails showed that Chris Hanssen and All American Readers appear to be making telemarketing calls on behalf of Peter Hanssen and Great American Readers.

256. On or about March 18, 2019, Peter Hanssen received an email from the BBB regarding a complaint about Great American Readers. Peter Hanssen forwarded the email with the subject line “cancel do not call BBB.” Chris Hanssen later explained via email that the customer made her first \$100 payment and was given a discount because “she was not happy.” Chris Hanssen later emailed employees of All American Readers saying “Cancel this order per Peter.”

257. On or about March 4, 2019, Peter Hanssen forwarded another BBB complaint about Great American Readers with the subject line “mark as a do not call and cancel order.” Chris Hanssen later responded, “Taken care of Thank you.”

258. Similarly, on or about November 5, 2018, Peter Hanssen forwarded another BBB complaint about Great American Readers to Chris Hanssen. In the subject line, Peter Hanssen wrote “cancel this order who’s order is this????”

259. The relationship between All American Readers and Great American Readers extends back years. On or about December 5, 2017, Chris Hanssen received an email from Individual CD about a Great American Readers customer who was “screaming BBB.” Attached to the email was a screen capture of the PSONline customer relationship management program for Great American Readers. The screen capture shows that the consumer “called # on her letter she got from All american readers.”

260. On September 14, 2018, Peter Hanssen sent an email to Individual MD, who works at Subscription Data Processing, LLC, a data processing company that services magazine sales companies.⁷ In the email, Peter Hanssen discussed the high number of “chargebacks” that his magazine company was receiving:

I got 11 more chargebacks today, I’m concerned something could possibly happen at EPay. Confidentially, I had two mag accounts at TCYS when I went to Epay, I didn’t cancel them I suspended them. I have just reactivated them and they are ready to use.

⁷ The BBB has received approximately 117 complaints about Subscription Data Processing LLC in the past three years. For example, on or about December 27, 2019, Individual JF complained that he “began receiving magazines in the mail that I never ordered and they were sent to a name of mine which I legally changed 10 years prior.” When he contacted the publisher, he was referred to Subscription Data Processing LLC. “After struggling to get a hold of them,” Individual JF “spoke with someone over a very scratchy line and they said they would cancel the subscriptions but would not give me any information regarding how a legally disused name was signed up for in the first place.”

A “chargeback” occurs when a credit card company reverses a charge, generally due to suspected fraud. As Individual A put it, “chargebacks are for fraud.”

261. In response, Individual MD chastised Peter Hanssen for “processing too many volume on a single merchant account” and said he “needed to open two or three merchant accounts for your volume.”

I sent you an email yesterday of all the things you need to check. I also told you your processing too much on a single merchant account and you needed to open two or three Merchant accounts for your volume.

I told you guys to open multiple Merchant accounts several months ago.

I also told you guys to stop running declines billing customers multiple times in a single month but you didn't take my advice.

Have you listened to the sales tapes and closer tapes from Mark Johnson's office to make sure that the following the script and sending you clean orders? I would assume that the closer's have an issue and you're not getting very good orders.

Bottom line is you should never run over \$50,000 a month on a single merchant account in this business.

262. According to Individual A, fraudulent magazine companies frequently open more than one credit card merchant account for use in processing orders to spread out chargebacks and reduce the likelihood that the credit card processing company will close their account. Individual A explained that credit card processing companies will suspend or cancel a merchant account if there are too many chargebacks. If that happens, the company will not be able to process credit card payments any more. Individual A explained that having a second merchant account allows a company to continue to process credit card payments if one merchant account is suspended or canceled. According to Individual A, having multiple merchant accounts also makes it easier to charge a consumer for more than one subscription.

263. During the search of Chris Hanssen's email address, agents found hundreds of emails from credit card processing companies regarding chargebacks related to All American Readers. On or about February 25, 2019, for example, a credit card processing company emailed a list of "Chargeback Reports" to Chris Hanssen. The list showed 31 chargebacks for transactions that posted between October 2018 and February 2019. Almost all of the charges were for \$49.90. That same day, Peter Hanssen forwarded Chris Hanssen a chargeback report related to a separate merchant account at the same credit card processing company. The report showed that this second merchant account had 32 chargebacks for transactions that posted between October 2018 and February 2019. As with the other merchant account, most of the transactions were for \$49.90. In the body of the email, Peter Hanssen wrote, "32 charge backs Feb."

264. In addition to handling sales for Great American Readers, All American Readers also handled collections and customer service for MPHIO, another company involved in fraudulent magazine sales. As explained above, MPHIO employees called UC agents using a fraudulent script. Or about June 1, 2017, Chris Hanssen entered into a Management Services Agreement between MPHIO and All American Readers. Pursuant to the contract, All American Readers agreed to handle collections and customer complaints for MPHIO in exchange for 40% of MPHIO's revenue.

1. Company shall provide the following services to Customer.

A. Answer customer telephone calls on behalf of Customer to assist customers with service issues;

B. Make outgoing telephone calls to Customer's delinquent customers to remind them of payment obligations and deadlines;

C. Assist with salvaging Customer's magazine subscription orders, including when a customer seeks to cancel his or her magazine subscription service through Customer.

265. Chris Hanssen signed the contract on behalf of All American Readers. His sister in law, Monica Hanssen, signed the contract on behalf of MPHO.

266. In June 2019, agents interviewed Individual PB, who worked as a telemarketer at both MPHO and All American Readers in 2017. Individual PB said that he and other sales representatives at MPHO called names off of lead lists. Individual PB said the people on the lead lists already had magazine subscriptions. He and other sales representatives were given a script that directed them to tell consumers they were calling to check in on their magazines, and then offer to reduce the amount the customer was paying for their magazines. Ultimately, Individual PB handed the customers off to closers, who would complete the sale. Individual PB never worked as a closer.

267. Individual PB said he later left MPHO and worked at All American Readers, which was owned by another member of the Hanssen family. Individual PB said that All American Readers used the same script as MPHO. Similarly, the script directed sales representatives to tell customers they were calling to check on the status of their magazines and to offer them a reduction or discount on the price of their magazines. Again, the goal was to pass the consumers to a closer who would

make the sale. Individual PB said that MPHO and All American Readers did not allow employees to take the scripts home and explained that All American Readers closely protected the scripts.

D. Peter Hanssen forwarded an article about Individual A's indictment to Chris Hanssen and others involved in fraudulent magazine sales

268. Following Individual A's indictment in December 2018, the Minneapolis-St. Paul Star Tribune ran an article discussing Individual A's indictment and how he ran YMS as a fraudulent magazine company. On December 19, 2018, Dave Moulder⁸ forwarded a link to the online article to Peter Hanssen, the owner of Great American Readers. Peter Hanssen, in turn, emailed the article to Chris Hanssen of All American Readers and Tim Hanssen of MPHO.

269. Peter Hanssen also sent a link to the Star Tribune article to Henry Aragon, who is known to be involved in fraudulent magazine sales. In or about October 2011, the Attorney General for the State of Colorado filed a civil complaint against Aragon related to his involvement in a scheme to "deceive consumers into purchasing duplicative and expensive magazine subscriptions." According to the complaint, Aragon owned, operated, or controlled several magazine sales companies, including Magazine Connection, LLC, Magazine Club, LLC, Readers Service, Inc., and Magazines Unlimited, LLC. The complaint alleged that Aragon and his co-defendants used a three-step process to deceive consumers into unwittingly signing

⁸ According to Individual A, Moulder runs a company that sells a customer relationship management software program (PSOnline) used by many companies involved in fraudulent magazine sales.

up for expensive magazine subscription packages, which included: (1) calling consumers off a lead list and pretending they are calling from the consumers' current magazine provider; (2) passing the consumer on to a "closer," who falsely claimed that s/he was calling to lower the consumers' monthly payments when, in reality, s/he was calling to sign the consumer a brand new magazine package; and (3) making a recorded "verification" that Aragon and his co-defendants later claimed was an oral contract obligating the consumers to pay up to \$1,298 for magazine subscription packages.

270. The Colorado Attorney General's complaint also alleged that Aragon's companies sold their subscription orders to another company, World Wide Readers Service. When World Wide Readers Service purchased an order, it purchased the right to collect all payments due on that order.

271. In or about March 2012, Aragon and his companies entered into a consent judgment with the Colorado Attorney General. As part of the consent judgment, Aragon and his companies continued to deny the allegations in the complaint, but agreed to a permanent injunction barring Aragon from owning, operating, or being involved in any company that engages in magazine solicitations in the State of Colorado. Aragon and his companies also agreed to pay \$275,000 in fines, penalties, and restitution to the Colorado Attorney General's office.

272. Less than three months after being sued by the Colorado Attorney General's office—in or about January 2012—Aragon registered a company called Marketing Unlimited Services, Inc. in Texas. According to Texas Secretary of State

records, Marketing Unlimited Services, Inc. did business under several names, including Magazine Direct, Magazine Club, and Magazine Connection. The investigation has shown that through these new companies, Aragon has continued to be involved in fraudulent magazine sales.

273. On or about January 4, 2019, Peter Hanssen sent a link to the Star Tribune article about Individual A's indictment to Aragon. Peter Hanssen wrote, "This is just and [sic] FYI email, you probably have seen it." Peter Hanssen then explained that several customers of Hanssen's company had called in and asked about why they were being charged by Aragon's company: "I have several customers in the last week who have called in asking about why they are being charged by you, merchant statements all have your number on them, they also say they are[] told you have merged with us. I will be returning your call soon."

274. Aragon responded to Peter Hanssen on or about January 7, 2019.⁹ Aragon wrote, "Again, I have no idea who your company is. If you give me your company name, I'm happy to have a gentlemen's agreement with you to cancel any duplicate customers assuming you would do the same for us. I have brought this to the customer service attention and they will cancel and refund accordingly. I have offered to research the dozen or so duplicates to help track the origin of the lead source but without information I can not help. As a gentlemen I will give you full cooperation to solve this issue." Later that day, Peter Hanssen sent a response to Aragon

⁹ Aragon copied Rusty Rahm on the email. Based on the investigation, Rahm is believed to be involved in fraudulent magazine sales. Rahm controls several fraudulent magazine sales companies that are run through nominee owners.

explaining that his company was “Great American Readers.” Aragon replied, saying “I will forward to customer service.”

275. Two months earlier, in November 2018, Aragon had corresponded with Chris Hanssen, about purchasing orders from Hanssen’s company, All American Readers.

276. On or about November 18, 2018, Chris Hanssen sent an email with the subject line “SOLD ORDER PROGRAM” to Aragon. In the email, Chris Hanssen explained that he was looking to sell his magazines sales orders to Aragon for collection. Hanssen also explained that he generally charged consumers \$49.90 for 20 months for the magazine subscription packages.

SOLD ORDER PROGRAM

From: chris hanssen <mrchrishanssen@gmail.com>
To: haragon713@gmail.com
Date: Sun, 18 Nov 2018 21:21:02 -0600

Henry,

The way I am looking to sell orders is a bit out of the ordinary from what is typical in this industry, but it's how I have been doing it for years until my buyer recently retired. I tape the order in house, collect the IP, clear the magazines and provide the customer with the gift cards (the gift we offer for signing up), wait 2 weeks, and then transfer the order over to the buyers system. What we try to accomplish by this is to not sell any orders that are going to cancel off, and we take care of all the costs to sell the order between payroll, leads and the magazines, etc. If the batch of sold orders falls under 70% for the new business payment (second payment), we replace that amount short with new orders. For example, if we sell 100 orders, and 69 of them make a NB (2nd payment), we would transfer over an additional order to make it 70%. We sell the orders for 25% of the remaining contract balance from when we transfer it over. Our packages we sell are \$49.90 x 20 months. so we keep the 1st 49.90, and sell a package of 19 payments for \$49.90, which is \$948.10, and we get \$237 from the buyer per order sold this way. We need to sell roughly 15-20 per week.

I know this is unorthodox, and may seem like a strange way of doing it, but it's the only way selling orders works for our operation, and we are use to it. It works well. Thank you in advance for your consideration, and I look forward to speaking with you tomorrow at 12 CST. If you have any other questions before we speak, just email me and I can respond. Thank you, sir.

-

Christopher L. Hanssen
All American Readers, Inc.

277. As explained above, Individual A also charged his victims 20 payments of \$49.90 per month.

E. Chris Hanssen started an identity theft protection company in spring 2019

278. A review of Chris Hanssen's emails shows that in approximately April 2019, he started another telemarketing business selling some sort of identity theft protection program.

279. On or about April 9, 2019, Chris Hanssen exchanged emails with a representation from Chargeback Hero, a chargeback management solution specializing in helping online businesses prevent credit card chargebacks. In the

email, Chris Hanssen explained that he was going to be “launching ID Theft” soon. He further explained that he was “still learning how this whole ID Theft program works. All I know from Dave Moulder is, get a shit ton of merchant accounts lol.” According to Individual A, and based on the investigation, Dave Moulder runs a company that provides a customer relationship management software program used by many companies involved in fraudulent magazine sales.

280. The BBB has already started to receive complaints about Identity Theft Pros being a scam and charging people without permission. On or about September 17, 2019, Victim Robert reported that the company had charged his account \$24.95 four times in a single month without permission. He felt it “really strange for a[n] identity theft company to be fraudulently charging my debit card.” Similarly, on about November 25, 2019, Victim JC told the BBB that “they are rude and are liars they will take money out of your account without permission.”

281. In the course of the investigation, agents have discovered that multiple other fraudulent magazine companies that have started selling identity theft protection, either as a standalone product or as part of an “up-sell” at the end of a magazine sales call. At least one magazine company attempted to sell identity theft protection services to a UC agent at the end of a fraudulent magazine sales call.

VIII. COMPUTER, ELECTRONIC STORAGE, AND FORENSIC ANALYSIS

282. Based upon my knowledge, training, experience, and the experience of other law enforcement personnel, I know that computer hardware and computer software may be utilized to store records which include, but are not limited to: those relating to business activities, criminal activities, associate names and addresses,

victims' names, addresses, and images, the identity and location of assets illegally gained through criminal activity, and other information related to criminal activity.

283. As described above and in Attachment B, this application seeks permission to search for records that might be found at the Subject Premises, in whatever form they are found. One form in which the records might be found is data stored on a computer's hard drive, cellular telephone, or other storage media. Thus, the warrant applied for would authorize the seizure of electronic storage media or, potentially, the copying of electronically stored information, all under Rule 41(e)(2)(B).

Probable Cause to Seize Electronic Devices at Subject Premises

284. I submit that if a computer, cellular telephone, or other storage medium is found on the Subject Premises, there is probable cause to believe those records will be stored on that computer or storage medium, for at least the following reasons:

a. Based on my knowledge, training, and experience, I know that computer files or remnants of such files can be recovered months or even years after they have been downloaded onto a storage medium, deleted, or viewed via the Internet. Electronic files downloaded to a storage medium can be stored for years at little or no cost. Even when files have been deleted, they can be recovered months or years later using forensic tools. This is so because when a person "deletes" a file on a computer, the data contained in the file does not actually disappear; rather, that data remains on the storage medium until it is overwritten by new data.

b. Therefore, deleted files, or remnants of deleted files, may reside in free space or slack space—that is, in space on the storage medium that is not currently being used by an active file—for long periods of time before they are overwritten. In addition, a computer’s operating system may also keep a record of deleted data in a “swap” or “recovery” file.

c. Wholly apart from user-generated files, computer storage media—in particular, computers’ internal hard drives—contain electronic evidence of how a computer has been used, what it has been used for, and who has used it. To give a few examples, this forensic evidence can take the form of operating system configurations, artifacts from operating system or application operation, file system data structures, and virtual memory “swap” or paging files. Computer users typically do not erase or delete this evidence, because special software is typically required for that task. However, it is technically possible to delete this information.

d. Similarly, files that have been viewed via the Internet are sometimes automatically downloaded into a temporary Internet directory or “cache.”

e. Based on actual inspection of other evidence related to this investigation, including emails obtained through search warrants, I am aware that computer equipment was used to carry out this fraud scheme. There is reason to believe that there is a computer system currently located on the Subject Premises.

285. *Forensic evidence.* As further described in Attachment B, this application seeks permission to locate not only computer files that might serve as direct evidence of the crimes described on the warrant, but also for forensic electronic

evidence that establishes how computers were used, the purpose of their use, who used them, and when. There is probable cause to believe that this forensic electronic evidence will be on any storage medium in the Subject Premises because:

a. Data on the storage medium can provide evidence of a file that was once on the storage medium but has since been deleted or edited, or of a deleted portion of a file (such as a paragraph that has been deleted from a word processing file). Virtual memory paging systems can leave traces of information on the storage medium that show what tasks and processes were recently active. Web browsers, e-mail programs, and chat programs store configuration information on the storage medium that can reveal information such as online nicknames and passwords. Operating systems can record additional information, such as the attachment of peripherals, the attachment of USB flash storage devices or other external storage media, and the times the computer was in use. Computer file systems can record information about the dates files were created and the sequence in which they were created, although this information can later be falsified.

b. As explained herein, information stored within a computer and other electronic storage media may provide crucial evidence of the “who, what, why, when, where, and how” of the criminal conduct under investigation, thus enabling the United States to establish and prove each element or alternatively, to exclude the innocent from further suspicion. In my training and experience, information stored within a computer or storage media (e.g., registry information, communications, images and movies, transactional information, records of session times and

durations, internet history, and anti-virus, spyware, and malware detection programs) can indicate who has used or controlled the computer or storage media. This “user attribution” evidence is analogous to the search for “indicia of occupancy” while executing a search warrant at a residence. The existence or absence of anti-virus, spyware, and malware detection programs may indicate whether the computer was remotely accessed, thus inculcating or exculpating the computer owner. Further, computer and storage media activity can indicate how and when the computer or storage media was accessed or used. For example, as described herein, computers typically contain information that log: computer user account session times and durations, computer activity associated with user accounts, electronic storage media that connected with the computer, and the IP addresses through which the computer accessed networks and the internet. Such information allows investigators to understand the chronological context of computer or electronic storage media access, use, and events relating to the crime under investigation. Additionally, some information stored within a computer or electronic storage media may provide crucial evidence relating to the physical location of other evidence and the suspect. For example, images stored on a computer may both show a particular location and have geolocation information incorporated into its file data. Such file data typically also contains information indicating when the file or image was created. The existence of such image files, along with external device connection logs, may also indicate the presence of additional electronic storage media (e.g., a digital camera or cellular phone with an incorporated camera). The geographic and timeline information

described herein may either inculcate or exculpate the computer user. Last, information stored within a computer may provide relevant insight into the computer user's state of mind as it relates to the offense under investigation. For example, information within the computer may indicate the owner's motive and intent to commit a crime (e.g., internet searches indicating criminal planning), or consciousness of guilt (e.g., running a "wiping" program to destroy evidence on the computer or password protecting/encrypting such evidence in an effort to conceal it from law enforcement).

c. A person with appropriate familiarity with how a computer works can, after examining this forensic evidence in its proper context, draw conclusions about how computers were used, the purpose of their use, who used them, and when.

d. The process of identifying the exact files, blocks, registry entries, logs, or other forms of forensic evidence on a storage medium that are necessary to draw an accurate conclusion is a dynamic process. While it is possible to specify in advance the records to be sought, computer evidence is not always data that can be merely reviewed by a review team and passed along to investigators. Whether data stored on a computer is evidence may depend on other information stored on the computer and the application of knowledge about how a computer behaves. Therefore, contextual information necessary to understand other evidence also falls within the scope of the warrant.

286. I know that when an individual uses a computer to commit a crime, in this case, telemarketing fraud, the individual's computer will generally serve both as

an instrumentality for committing the crime, and also as a storage medium for evidence of the crime. The computer is an instrumentality of the crime because it is used as a means of committing the criminal offense. The computer is also likely to be a storage medium for evidence of crime. From my training and experience, I believe that a computer used to commit a crime of this type may contain: data that is evidence of how the computer was used; data that was sent or received; notes as to how the criminal conduct was achieved; records of Internet discussions about the crime; and other records that indicate the nature of the offense.

287. *Necessity of seizing or copying entire computers or storage media.* Based upon my knowledge, training and experience, and the experience of other law enforcement personnel, I know that in order to completely and accurately retrieve data maintained in computer hardware or on computer software, all computer equipment, should be processed by a qualified computer specialist in a laboratory or other competent setting. This is due to:

a. *The volume of evidence.* Computer storage devices (like hard disks, removable media, optical media, diskettes, tapes, laser disks, Bernoulli drives) can store the equivalent of millions of pages of information. Additionally, a suspect may try to conceal criminal evidence; he or she might store it in random order with deceptive file names, or use encryption or steganography software. This may require searching authorities to examine all the stored data to determine which particular files are evidence or instrumentalities of crime. This sorting process can take weeks

or months, depending on the volume of data stored, and it would be impractical to attempt this kind of data search on site;

b. *The technical requirements.* Searching computer systems for criminal evidence is a highly technical process requiring expert skill and a properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert is qualified to analyze a system and its data. In any event, however, data search protocols are exacting scientific procedures designed to protect the integrity of the evidence and to recover even hidden, erased, compressed, password-protected, or encrypted files. Since computer evidence is extremely vulnerable to inadvertent or intentional modification or destruction (from external sources or destructive code imbedded in the system as a booby trap), a controlled environment is essential to its complete and accurate analysis. Further, when a user deletes a file on a computer, only the pointer (a tool that tells the operating system where the file is located on the media) to the file is deleted. The actual file may remain on the media for a long period of time, possibly years. Forensics examiners can use software tools that can locate and partially and/or fully recover deleted files;

c. *System functionality.* Computer systems are very complicated and the proper operation of the system may be dependent upon the hardware that is connected to it. For this reason, it is usually necessary to seize all hardware connected

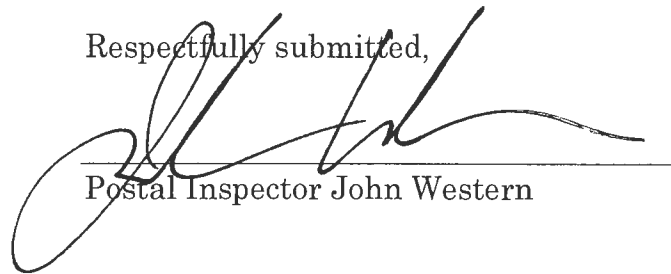
to the equipment in order to ensure the proper operation of the system during the analysis process.

d. *Nature of examination.* Based on the foregoing, and consistent with Rule 41(e)(2)(B), the warrant I am applying for would permit the examination of the device consistent with the warrant. The examination may require authorities to employ techniques, including, but not limited to computer-assisted scans of the entire medium, that might expose many parts of the device to human inspection in order to determine whether it is evidence described by the warrant.

IX. CONCLUSION

288. Based on the facts set forth above, and based on my training, experience, knowledge, and the aforementioned facts of this investigation, there is probable cause to believe that evidence, fruits, and instrumentalities of mail fraud, wire fraud, and conspiracy, in violation of 18 U.S.C. §§ 1341, 1343, and 1349, as described in Attachments B-1 through B-5, can be found at the Subject Premises, as further described in Attachments A-1 through A-5.

Respectfully submitted,



Postal Inspector John Western

SUBSCRIBED AND SWORN TO before me
on February 14, 2020.



The Honorable Hildy Bowbeer
United States Magistrate Judge

Attachment A-3

Subject Premises 3 is the offices of Readers Club Home Office Inc. and Pacific Renewal Services LLC located at 1185 Concord Street N., Suites 228 and 233, South Saint Paul, Minnesota 55075. Subject Premises 3 is located in a four-story brick with multi-color siding panels on the north and south ends of the building.



The front main entrance for visitors is located on the east side of the building closest to Concord Street. The numbers 1185 appear in white letters on the glass near the main entrance. The building directory indicates that Readers Club Home Office is located in Suites 228 and 233.



Suites 228 and 233 are located on the second floor of the building. The door to suite 228 has a sign identifying it as being the office of "Readers Club Home Office." The door to suite 233 has a sign that reads "Reader's Club."



ATTACHMENT B-3

List of Items to be Seized

The items to be seized is evidence, fruits, and/or instrumentalities of violations of 18 U.S.C. §§ 1341 (mail fraud), 1343 (wire fraud), and 1349 (conspiracy to commit mail or wire fraud), for the years 2011 to the present, including:

1. Any and all records related to Readers Club Home Office and Pacific Renewal Service, any related or predecessor companies, and their owners and operators (including Brian Williams), and their involvement in fraudulent magazine sales.

2. Any and all telemarketing sales scripts, including closing and rebuttal scripts.

3. Any and all lead lists of potential customers or consumers, whether in hard copy or electronic format.

4. Any and all communications with current, past, or prospective customers and consumers, including confirmation letters, collection and demand letters, invoices, bills, cancellation notices, payment information, and email communications.

5. Any and all records related to the use of third-party debt collection services, including contracts, bills, payments, invoices, form collection or demand letters, communications with consumers or customers, and email or any other communications.

6. Any and all recordings of telemarketing calls, consumer complaints, collection calls, or other communications with consumers or customers.

7. Any and all records related to consumer or customer complaints, including Better Business Bureau complaints, Attorney General or Federal Trade Commission (FTC) complaints, and lawsuits or threats or legal action, as well as any responses or discussions related to such complaints.

8. Financial records related to the company and its owners/operators, including financial statements and reports, ledgers, journals, contracts, agreements, statements, bills, banking statements and records, merchant account statements and records, records related to accounts receivable and accounts payable, tax-related records or other records used in the preparation of tax filings, other records related to revenues, expenses, assets, liabilities, financial obligations, and the receipt, disposition, or expenditure of income, monies, funds, or assets.

9. Property records, receipts, investment records, stock and bond records, mortgages, promissory notes, handwritten notes, calendars, day planners, logs, records related to wire transfers or reflecting financial transactions, and records related to or tending to identify the source, accumulation, disposition, location, or ownership of assets, money, wealth, property, safe deposit records, and safe deposit keys.

10. Any and all records related to any credit card merchant accounts, including account opening documents, statements, correspondence, records of charge backs or declined charges, and records related to any closed merchant accounts.

11. Any and all records related to any digital payment processing company, such as PayPal or Venmo, including account opening documents, statements, and correspondence.

12. All documents and records tending to show the identities of associates or co-conspirators, or tending to show the location of assets including notes, telephone messages, telephone numbers, email addresses, address books, and appointment books.

13. Cash in excess of \$1,000, jewelry, watches, gold and precious metals, rare coins, collectibles, or other proceeds or fruits of the offense.

14. Personnel files/employee information for all employees and/or independent contractors who performed work for the above-listed people or entities, including, but not limited to, payroll records, time sheets and other records of work performed, applications for employment, background checks, Forms 1099, Forms W-2 and Forms W-4.

15. Any and all employee handbooks, training materials, rules, regulations, information about bonus and pay structure, guidance, and job postings or advertisements.

16. Any and all records that show ownership, control, affiliation, and operation of any of the above-listed entities, or any other companies, entities, investments, or assets associated with the companies, including articles of incorporation, corporate resolutions or minutes, other business or corporate records, corporate memoranda, by-laws, shareholder information, service agreements,

contracts, partnership agreements, memoranda of understanding, and other documents evincing ownership, control, affiliation, and operation.

17. Any and all records related to other magazine sales companies, lead brokers, publishers, magazine clearing agencies, and collection agencies, including contracts, agreements, emails, lead lists and lead sheets, and other communications.

18. Any and all records related to the use of post office boxes, virtual offices, or mail service providers.

19. Any and all records related to the use of customer relationship management ("CRM") software (such as PS Online or 4Star), including contracts, agreements, sales records, customer interactions, collections records, customer payment records, customer lists, and customer contact records.

20. Items needed to access the information listed above, such as:

- a. Cabinet and desk keys;
- b. Documents and items regarding the rental or use of a storage unit, including contracts, rental agreements, and keys; and
- c. Safe and lock combination and keys.

21. Any digital device capable of storing information related to the commission or attempted commission of the above listed violations, or used to facilitate the above-listed violations, and forensic copies thereof.

22. With respect to any digital-device containing evidence falling within the scope of the foregoing categories of items to be seized:

a. evidence of who used, owned, or controlled the device at the time the things described in this warrant were created, edited, or deleted, such as logs, registry entries, configuration files, saved usernames and passwords, documents, browsing history, user profiles, e-mail, e-mail contacts, chat and instant messaging logs, photographs, and correspondence;

b. evidence of the presence or absence of software that would allow others to control the device, such as viruses, Trojan horses, and other forms of malicious software, as well as evidence of the presence or absence of security software designed to detect malicious software;

c. evidence of the attachment of other devices;

d. evidence of counter-forensic programs (and associated data) that are designed to eliminate data from the device;

e. evidence of the times the device was used;

f. passwords, encryption keys, and other access devices that may be necessary to access the device;

g. applications, utility programs, compilers, interpreters, or other software, as well as documentation and manuals, that may be necessary to access the device or to conduct a forensic examination of it;

h. records of or information about Internet Protocol addresses used by the device;

i. records of or information about the device's Internet activity, including firewall logs, caches, browser history and cookies, "bookmarked" or

“favorite” web pages, search terms that the user entered into any Internet search engine, and records of user-typed web addresses.

23. As used herein, the terms “records,” “documents,” “programs,” “applications,” and “materials” includes records, documents, programs, applications, and materials created, modified, or stored in any form, including in digital form on any digital device and any forensic copies thereof.

24. As used herein, the term “digital device” includes any electronic system or device capable of storing or processing data in digital form, including central processing units, desktops, laptops, notebooks, and tablet computers; personal digital assistants; wireless communication devices, such as telephone paging devices, beepers, mobile telephones, and smart phones; digital cameras; peripheral input/output devices, such as keyboards, printers, scanners, plotters, monitors, and drives intended for removable media; related communications devices, such as modems, routers, cables, and connections; storage media, such as hard disk drives, floppy disks, memory cards, optical disks, and magnetic tapes used to store digital data (excluding analog tapes such as VHS); and security devices.

ADDENDUM TO ATTACHMENT B

Pursuant to Rule 41(e)(2)(B) of the Federal Rules of Criminal Procedure, this warrant authorizes the removal of electronic storage media and copying of electronically stored information found in the premises described in Attachment A so that they may be reviewed in a secure environment for information consistent with the warrant. That review shall be conducted pursuant to the following protocol:

1. In conducting the search authorized by this warrant, the government shall make reasonable efforts to utilize search methodology that avoids searching files, documents or other electronically stored information which is not identified in the warrant.

2. If electronically stored data, information, documents or other records have been identified and seized by the government pursuant to this warrant, the government may retain the electronic storage device (e.g., computer, hard drive, mobile device, smartphone, cell phone). The person from whom the electronic storage device was seized may request that the government provide him or her with electronic copies of the data, information, documents or other records by making a written request to the United States Attorney's Office, identifying with specificity the data, information, documents or other records sought to be copied. The government must respond to all such requests within a reasonable amount of time, and must provide a copy of the electronically stored data, information, documents or other records requested unless the copies requested constitute contraband, instrumentalities, or property subject to forfeiture.

3. Nothing in this warrant shall limit or prevent the government from seizing the electronic storage device as contraband or an instrumentality of a crime or commencing forfeiture proceedings against the electronic storage device and the data contained in the device. Nothing in this warrant shall limit or prevent the owner of the electronic storage device, files, software, hardware, data, information, documents or other records from (a) filing a motion with the Court pursuant to Rule 41(g) of the Federal Rules of Criminal Procedure for the Return of Property, or (b) making a request of the government to return certain specified electronic storage devices, files, software, hardware, data, information, documents or other records.

4. The government shall establish a search methodology governing the review of seized data to ensure that no attorney-client privileged communications will be inadvertently reviewed by the prosecution team. In the event that data seized pursuant to this warrant are identified by the government as possibly containing attorney-client privileged communications, an Assistant United States Attorney, who is not a member of the prosecution team and who is not participating in the search, shall act as a "taint team" to set up an ethical wall between the evidence and the prosecution team that will prevent any privileged material from getting through to the prosecution team.