
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : **CRIMINAL COMPLAINT**
 :
 v. : Mag. No. 17-7161
 :
 SANDY JOHN MASSELLI :
 :


I, Matthew J. Reynolds, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Matthew J. Reynolds, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
October 25, 2017 in Essex County, New Jersey

Hon. Cathy L. Waldor
United States Magistrate Judge



Signature of Judicial Officer

ATTACHMENT A

COUNT ONE
(Bank Fraud)

From at least as early as in or about June 2014 through in or about June 2016, in the District of New Jersey and elsewhere, defendant

SANDY JOHN MASSELLI

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud financial institutions, namely, Credit Card Companies A, B and C, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, those financial institutions, by means of materially false and fraudulent pretenses, representations and promises.

In violation of Title 18, United States Code, Section 1344, and Title 18, United States Code, Section 2.

COUNT TWO
(Bank Fraud)

From at least as early as in or about December 2016 through in or about July 2017, in the District of New Jersey and elsewhere, defendant

SANDY JOHN MASSELLI

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud a financial institution, namely, Credit Card Company B, and to obtain any of the moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, this financial institution, by means of materially false and fraudulent pretenses, representations and promises.

In violation of Title 18, United States Code, Section 1344, and Title 18, United States Code, Section 2.

COUNT THREE
(Wire Fraud)

From at least as early as in or about February 2017 through in or about July 2017, in the District of New Jersey and elsewhere, defendant

SANDY JOHN MASSELLI

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, specifically, a purported online payment in the amount of \$28,990 that defendant MASSELLI sent Credit Card Company D on or about May 12, 2017 from a bank account that he knew did not have sufficient funds to cover the payment.

In violation of Title 18, United States Code, Section 1343 and Section 2.

COUNT FOUR
(Wire Fraud)

From at least as early as in or about January 2017 through in or about April 2017, in the District of New Jersey and elsewhere, defendant

SANDY JOHN MASSELLI

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, specifically, an electronic transfer of approximately \$7,500 on or about April 10, 2017 from a brokerage account defendant MASSELLI controlled to one of defendant MASSELLI's credit card accounts.

In violation of Title 18, United States Code, Section 1343 and Section 2.

ATTACHMENT B

I, Matthew J. Reynolds, am a Special Agent with the Federal Bureau of Investigation. I have conducted an investigation and discussed this matter with other law enforcement officers who have participated in this investigation, and have knowledge of the following facts. Because this affidavit is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all dates described in this affidavit are approximate, and all conversations and statements described in this affidavit are related in substance and in part.

BACKGROUND

1. At all times relevant to this complaint:

a. Defendant SANDY JOHN MASSELLI resided in or around Red Bank, New Jersey, and Old Bridge, New Jersey, and owned and controlled numerous bank, brokerage, and credit card accounts.

b. Credit Card Companies A, B, C, and D (collectively, the "Credit Card Companies") were banks or other institutions that issued credit cards that allowed consumers to obtain goods and services with the understanding that the consumers would repay the Credit Card Companies pursuant to contractual agreements between the consumers and Credit Card Companies.

c. Credit Card Companies A through C were "financial institutions" as that term is defined in Title 18, United States Code, Section 20.

d. Brokerage Firms A and B were financial services companies that specialized in retail brokerage, wealth and asset management, and other financial advisory services.

THE SCHEMES TO DEFRAUD

2. Beginning as early as in or about June 2014 through in or about July 2017, defendant MASSELLI engaged in three separate but related schemes to defraud the Credit Card Companies and Brokerage Firms A and B by making material misrepresentations and false pretenses to induce or attempt to induce these institutions to extend him credit or funds to which he was not entitled.

3. In the first scheme, defendant MASSELLI opened accounts with certain of the Credit Card Companies, made purchases with these accounts

until he had almost reached or exceeded the credit limit on each account, and then sent the Credit Card Companies fraudulent payments from bank accounts that he knew did not have sufficient funds to cover the payments. While the fraudulent payments were pending (and before the fraudulent payments were rejected for insufficient funds), the Credit Card Companies temporarily credited MASSELLI's accounts based on those payments, providing him access to additional credit and allowing him to continue to make purchases. By continuing this cycle numerous times, the balances of defendant MASSELLI's credit accounts far exceeded his initial limits. Defendant MASSELLI failed to pay these balances and the Credit Card Companies ultimately sustained substantial losses.

4. In the second scheme, defendant MASSELLI opened credit accounts with two of the Credit Card Companies, made thousands of dollars in purchases, and then falsely represented to these Credit Card Companies that the accounts had been opened fraudulently and used without his authorization, causing these Credit Card Companies to close the accounts and sustain losses.

5. In the third scheme, defendant MASSELLI attempted to deposit into a brokerage account more than \$600,000 in checks from a different brokerage account that he controlled, and which he knew was closed. Shortly after making the deposits, defendant MASSELLI attempted to transfer funds out of the same account to pay various personal expenses. Those transfers were unsuccessful because the checks defendant MASSELLI had deposited were returned as unpaid.

A. The Scheme to Defraud Credit Card Companies A, B and C

6. In or about April 2011, defendant MASSELLI established a credit account with Credit Card Company A ("the Company A Credit Card Account"). By in or about June 2015, the unpaid balance on the Company A Credit Card Account was approximately \$48,000, and the credit limit was \$50,000. Defendant MASSELLI then began initiating bogus payments to Credit Card Company A from a bank account held in his name (the "MASSELLI Bank Account"). Some of these bogus payments were initiated on or about September 25, 2015, October 1, 2015 and October 2, 2015. These bogus payments totaled approximately \$104,000. During this time, however, the MASSELLI Bank Account's balance did not exceed \$400.

7. On or about October 9, 2015, the bank closed the MASSELLI Bank Account. Prior to this date, Defendant MASSELLI was notified that the account would be closed. Nonetheless, defendant MASSELLI continued bogus "payments" to Credit Card Company A from the MASSELLI Bank Account, even though it had been closed. Specifically, between on or about October 15, 2015

and on or about November 5, 2015, defendant MASSELLI attempted to make approximately \$248,000 in bogus payments to Credit Card Company A from the MASSELLI Bank Account.

8. After receiving some of defendant MASSELLI's bogus payments, Credit Card Company A provided temporary credits to the Company A Credit Card Account, which allowed defendant MASSELLI to continue to spend. As just one example:

- a. For the statement period ending on or about September 23, 2015, defendant MASSELLI made bogus payments on the Company A Credit Card Account of approximately \$75,250, all of which were returned as unpaid due to insufficient funds.
- b. Around the same time, defendant MASSELLI incurred more than \$20,000 in additional charges on the account, including charges at high-end restaurants in New York City, retail stores and a commercial airline.
- c. During this statement period, defendant MASSELLI's credit limit was \$50,000. At the beginning of the statement period, the Company A Credit Card Account balance was approximately \$45,000. The bogus payments resulted in temporary credits that artificially lowered the Company A Credit Card Account balance and allowed defendant MASSELLI to incur the additional charges referenced above.

9. The investigation has revealed that defendant MASSELLI repeated this pattern in or about October and November 2015 – that is, repeated bogus payments from bank accounts that he controlled which did not have sufficient funds to cover the payments, followed by additional spending before Credit Card Company A realized the bogus payments were, in fact, bogus.

10. In or around late December 2015, Credit Card Company A closed the Company A Credit Card Account and charged off approximately \$97,000.

11. Defendant MASSELLI similarly defrauded Credit Card Company B. Defendant MASSELLI opened a credit account with Credit Card Company B in or around April 2013 (the "Company B Credit Card Account"). This account initially had a credit limit of \$25,000. Within the first month of opening the account, defendant MASSELLI made purchases totaling approximately \$20,225.

12. By in or about May 2014, the balance on the Company B Credit Card Account was approximately \$24,141. During the following one-month

period, defendant MASSELLI attempted to make two bogus \$10,000 payments, one on or about June 6, 2014 and the other on or about June 10, 2014. Defendant MASSELLI made the June 6, 2014 payment from a corporate bank account he controlled that, at the time, had a balance of less than \$100. Around the same time period that these payments were pending, defendant MASSELLI incurred additional charges of approximately \$9,100.

13. As with the Company A Credit Card Account, defendant MASSELLI continued this pattern for the Company B Credit Card Account in or about June and July 2014. He made repeated bogus "payments," which were returned for insufficient funds because at the time these payments were made, defendant MASSELLI's account was overdrawn and did not contain any available funds. Again, as with the Company A Credit Card Account, defendant MASSELLI continued to spend on the Company B Credit Card Account.

14. In or about July 2015, Credit Card Company B closed the Company B Credit Card Account and subsequently charged off approximately \$89,400.

15. Defendant MASSELLI also engaged in similar conduct with respect to an account he opened in or about October 2013 with Credit Card Company C (the "Company C Credit Card Account"). That account began with a credit limit of \$20,000. Within approximately six months of opening the account, defendant MASSELLI had amassed an unpaid balance of approximately \$19,100.

16. In or about June 2014, defendant MASSELLI began to make bogus payments to Credit Card Company C, drawn on bank accounts he controlled which had insufficient funds. Just as with the Company A and Company B Credit Card Accounts, defendant MASSELLI's bogus payments on the Company C Credit Card Account resulted in temporary credits to the account that allowed defendant MASSELLI to make additional charges that increased the balance well beyond the credit limit.

17. Defendant MASSELLI made approximately 12 bogus payments, totaling approximately \$139,000, on the Company C Credit Card Account that were returned for insufficient funds. These included one payment in or about February 2016 and four payments in or about July 2016, totaling approximately \$45,000, from the MASSELLI Bank Account. As noted above, however, the MASSELLI Bank Account had been closed on or about October 9, 2015.

18. In or about September 2016, Credit Card Company C closed the Company C Credit Card Account and ultimately charged off approximately

\$63,000.

B. The Scheme to Defraud Credit Card Companies B and D

19. Between in or around December 2016 and in or around July 2017, defendant MASSELLI engaged a scheme to defraud Credit Card Companies B and D. Similar to the previously described scheme, defendant MASSELLI charged thousands of dollars to credit cards issued by Credit Card Companies B and D without making actual payments to the accounts.

20. In this second scheme, however, instead of sending bogus payments to Credit Card Companies B and D, defendant MASSELLI falsely represented to the companies that the cards had been opened fraudulently and used without his authorization, causing the companies to close the accounts and sustain significant losses.

21. In or about December 2016, defendant MASSELLI opened a credit card account with Credit Card Company B. Records obtained in the investigation reveal that the account was opened online through an IP address subscribed to defendant MASSELLI's residential address. During the account opening process, defendant MASSELLI provided his social security number, date of birth, and identified a company that he controlled as his employer.

22. Within the first month of opening the account, defendant MASSELLI made purchases totaling approximately \$3,000. Shortly thereafter, defendant MASSELLI contacted Credit Card Company B and claimed, falsely, that the account had been opened fraudulently and used without his authorization. As a result, Credit Card Company B closed the account without collecting payment from defendant MASSELLI, causing Credit Card Company B to sustain a loss.

23. A review of the transactions charged to the account, as well as the information provided during the account opening process and the IP address from which the account was opened, demonstrate that defendant MASSELLI's representations to Credit Card Company B about the purported fraud were false. For instance, some of the charges to the account took place in the town in New Jersey in which defendant MASSELLI lived. Further, several charges were incurred at stores and restaurants at which defendant MASSELLI made purchases using other accounts he controlled.

24. Similarly, in or about February 2017, defendant MASSELLI opened an account with Credit Card Company D. Defendant MASSELLI provided his date of birth and social security number on the application. Credit Card Company D opened the account with a credit limit of \$25,000.

25. By the end of the first statement period, defendant MASSELLI had generated a balance of approximately \$24,214, or approximately \$786 shy of his credit limit. The charges that defendant MASSELLI incurred during this period included approximately \$15,500 in tuition payments and related fees to a university in South Carolina for one of his family members.

26. Moreover, in or about March and May 2017, defendant MASSELLI used the account to make four separate payments to a cable and internet service provider for service at his residential address.

27. Over the next few months, defendant MASSELLI sent Credit Card Company D payments, all of which were returned due to insufficient funds. As he did in connection with the scheme to defraud Credit Card Companies A, B and C, defendant MASSELLI continued to incur charges on the account while these purported payments were pending, and during the temporary period in which Credit Card Company D had credited the accounts to reflect the pending payments. For example, on or about May 12, 2017, defendant MASSELLI sent Credit Card Company D a bogus payment in the amount of approximately \$28,990. The same day, defendant MASSELLI charged a total of \$8,374 at a luxury car dealership in or around Springfield, New Jersey.

28. Notwithstanding his connection to all of the charges detailed above, in or about July 2017, defendant MASSELLI contacted Credit Card Company D and claimed, again falsely, that his account had been opened fraudulently and used without his authorization. As a result, Credit Card Company D determined that defendant MASSELLI was not responsible to pay the balance on the card and closed the account, resulting in a loss of approximately \$47,850.

29. A review of transactions on this account demonstrates that defendant MASSELLI's representations to Credit Card Company D were false. Many purchases on the account appear to be for defendant MASSELLI's personal expenses, including the above-referenced payment to a university for his family member's school tuition, payment of cable and internet bills for his own residence, and purchases at local stores and restaurants at which defendant MASSELLI previously made purchases. In addition, defendant MASSELLI attempted to make several payments to this account from bank accounts in his name or the names of entities he controlled.

C. The Scheme to Defraud Brokerage Firms A and B

30. Between in or about February 2017 and in or about April 2017, defendant MASSELLI engaged in a third scheme to defraud, this time an attempt to defraud Brokerage Firms A and B.

31. In or about November 2016, defendant MASSELLI opened a brokerage account at Brokerage Firm A in the name of a company that he controlled (the "First MASSELLI Brokerage Account"). In or about January 2017, Brokerage Firm A closed the First MASSELLI Brokerage Account due, at least in part, to defendant MASSELLI's attempts to withdraw funds from the account before the account had sufficient assets. Brokerage Firm A notified defendant MASSELLI on or about January 19, 2017 that it was closing the account.

32. Defendant MASSELLI or a family member controlled two brokerage accounts at Brokerage Firm B (the "Second MASSELLI Brokerage Accounts").

33. On or about February 27, 2017, more than a month after Brokerage Firm A closed the First MASSELLI Brokerage Account, defendant MASSELLI attempted to deposit two checks, totaling approximately \$300,000, drawn from that account into the Second MASSELLI Brokerage Accounts ("Fraudulent Checks 1 & 2").

34. Brokerage Firm A did not issue payment for Fraudulent Checks 1 & 2 because it had already closed the First MASSELLI Brokerage Account. Nonetheless, after Fraudulent Checks 1 & 2 were deposited but before Fraudulent Checks 1 & 2 were returned as unpaid, defendant MASSELLI or someone else acting on his behalf attempted to transfer thousands of dollars out of the Second MASSELLI Brokerage Accounts to pay personal expenses, including making payments to a credit card account on which defendant MASSELLI was an authorized user.

35. Similarly, on or about April 10, 2017, defendant MASSELLI deposited two more fraudulent checks into the Second MASSELLI Brokerage Accounts from the First MASSELLI Brokerage Account, one in the amount of \$100,000 and the other in the amount of \$204,000 ("Fraudulent Checks 3 & 4"). Before these checks were returned as unpaid, defendant MASSELLI attempted to make additional transfers out of the Second MASSELLI Brokerage Account, including a payment on or about the same date of approximately \$7,500 to Credit Card Company D.

36. Thereafter, Brokerage Firm B contacted defendant MASSELLI to discuss the above transactions. During that conversation, defendant MASSELLI lied to Brokerage Firm B, falsely claiming that he had attempted to stop payment on certain of the Fraudulent Checks and that he had intended to keep the First MASSELLI Brokerage Account open. As noted, however, Brokerage Firm A closed the First MASSELLI Brokerage Account in January 2017. Moreover, records from Brokerage Firm A do not reflect any efforts by defendant MASSELLI to stop payments on the Fraudulent Checks.