

United States District Court

for the
Western District of New York

United States of America

v.

Case No. 17-MJ-1060

JOSEPH CIFFA, ERICA LOUNSBERRY, DEBBIE SERIGHT, DAMARIO
TURPIN, CARMELO COLLANA and SHAUNIQUEA RODRIGUEZ

Defendants

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

Between in or about March, 2015, through the present, on various dates, in the Western District of New York, and elsewhere: the defendants conspired to commit wire fraud in that, having devised and intended to devise a scheme to defraud and to obtain money by means of false and fraudulent pretenses and representations, the defendants conspired to cause to be transmitted by means of wire communications in interstate commerce, writings, signs and signals, for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1349; and that between in or about March, 2015 and on or about August 30, 2016, in the Western District of New York, defendant JOSEPH CIFFA committed Health care fraud, in that he knowingly and willfully executed a scheme to defraud a health care benefit program; and to obtain, by means of false and fraudulent pretenses, representations, and promises, health care benefits from a health care benefit program, for himself and his family, in violation of Title 18, United States Code, Section 1347.

This Criminal Complaint is based on these facts:

☒ Continued on the attached sheet.



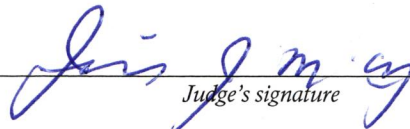
Complainant's signature

JEFFREY M. LYONS, Special Agent
United States Immigration and Customs Enforcement
Homeland Security Investigations

Printed name and title

Sworn to before me and signed in my presence.

Date: June 15, 2017



Judge's signature

City and State: Buffalo, New York

HONORABLE JEREMIAH J. MCCARTHY
UNITED STATES MAGISTRATE JUDGE

Printed name and title

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

STATE OF NEW YORK)
COUNTY OF ERIE) SS:
CITY OF BUFFALO)

I, **Jeffrey M. Lyons**, being duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I am a Special Agent with United States (U.S.) Immigration and Customs Enforcement, Homeland Security Investigations (HSI), and have been so employed for approximately 14 years. I am currently assigned to the Office of the Special Agent in Charge, Buffalo, New York office to investigate crimes related to fraud and identity theft within the Western District of New York.

2. I make this Affidavit in support of the issuance of a Criminal Complaint charging Joseph Ciffa, Erica Lounsberry, Debbie Seright, Damario Turpin, Carmelo Collana, and Shauniqua Rodriguez, with Conspiracy to Commit Wire Fraud, in violation of Title 18, United States Code, Section 1349.

3. The facts in this affidavit come from my personal observations, my review of various evidence, consumer complaints, records and reports, my training and experience, witness interviews, victim interviews, and information obtained from agents and other individuals. This affidavit is intended to show merely that there is sufficient probable cause to

support the issuance of the Criminal Complaint and does not set forth all of my knowledge about this matter.

4. As more fully set out below, the investigation has established probable cause to believe that Joseph Ciffa, Erica Lounsberry, Debbie Seright, Damario Turpin, Carmelo Collana, and Shauniqua Rodriguez have committed a violation of Title 18, United States Code, Section 1349, Conspiracy to Commit Wire Fraud, by knowingly, willfully, and unlawfully combining, conspiring, and agreeing with each other and others, known and unknown, to devise a scheme and artifice to defraud debtors and purported debtors, and for obtaining money and property from debtors and purported debtors by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme and artifice, transmitting, and causing to be transmitted, by means of wire communication in interstate commerce, writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343.

5. Title 18, United States Code, Section 1349, "Attempt and Conspiracy," provides in relevant part:

"Any person who attempts or conspires to commit any offense under this chapter (Chapter 63) shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy."

6. Title 18, United States Code, Section 1343, "Fraud by Wire, Radio, or Television," provides in relevant part:

"Whoever, having devised or intending to devise any scheme or

artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire...communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title, or imprisoned not more than 20 years, or both."

7. The investigation has also established probable cause to believe that Joseph Ciffa has engaged in Healthcare Fraud, in violation of Title 18, United States Code, Section 1347, by executing a plan to fraudulently obtain health care benefits for himself and his family members from a health care benefit program, through the submission of a false application and false information to said health care benefit program.

8. Title 18, United States Code, Section 1347, "Health Care Fraud," provides in relevant part that:

(a) "Whoever knowingly and willfully executes, or attempts to execute, a scheme... -

(1) to defraud any health care benefit program; or

(2) to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any health care benefit program,

in connection with the delivery of or payment for health care benefits ... or services [is guilty of an offense]."

Background

9. My investigation has shown that JOSEPH CIFFA ("Ciffa") has been involved in the debt collection business in the Western District of New York since at least 2013. Since

approximately March 2015, Ciffa has operated a debt collection operation at multiple locations. During that time, the physical location of the office varied between 1625 Buffalo Avenue, Suite 2H in Niagara Falls, NY; 870 Ontario Street in Kenmore, NY; and 1567 Military Road in Kenmore, NY. Ciffa also conducted some business operations out of his home office. As described further below, the debt collection operation was not a legitimate operation, and employed fraudulent means to collect on debts, to recollect on debts already collected, and to process and transfer payments related to the collection of such debts. Through this operation, Ciffa directed a sophisticated conspiracy to commit wire fraud, which included false, fraudulent, and often threatening statements to debtors all over the United States, made via telephone calls placed to or from the Western District of New York, in order to induce payment of debts. As described in more detail below, in most instances, the telephone calls placed to, and received from, victims, as well as the majority of the payments received from victims, and the movement of money between various bank accounts associated with the scheme, constituted interstate wires in furtherance of the scheme to defraud.

10. As explained further below, my investigation has shown that:

- a. ERICA LOUNSBERRY ("Lounsberry") and DEBBIE SERIGHT ("Seright") were managers for Ciffa's debt collection operation, overseeing other employees, including "point callers" and "live servers." As such, they were aware of all aspects of the debt collection business and helped to facilitate it;
- b. CARMELO COLLANA ("Collana") was an associate of Ciffa who furthered Ciffa's illegal activities by establishing shell companies, payment processing accounts, and bank accounts, to facilitate the receipt of victim payments, and removing cash from these accounts for Ciffa at Ciffa's direction. Collana was well compensated for these efforts through cash payments from Ciffa;

- c. DAMARIO TURPIN ("Turpin") was an associate of Ciffa who allowed Ciffa to process victim payments in his (Turpin's) MoneyGram and bank accounts. At times, Ciffa paid Turpin a fee of approximately 10% of all monies Ciffa routed through Turpin's accounts. Turpin also operated a debt collection company in the Western District of New York that involved the impersonation of law enforcement and threats of criminal charges and arrest against debtors. Turpin and some of his employees were trained by Ciffa and/or Ciffa's employees as to their unlawful debt collection tactics.
- d. SHAUNIQUEA RODRIGUEZ ("Rodriguez") was an employee of Ciffa's operations, who threatened victims over the telephone, claiming that they were charged with complaints and/or under arrest.

Civil Lawsuit and Restraining Order

11. On January 5, 2015, the Federal Trade Commission ("FTC") and the New York Attorney General ("NYAG") filed a lawsuit in the Federal District Court (WDNY) against multiple defendants, including Joseph Ciffa and his debt collection business, Bonified Payment Solutions (15-CV-0006-WMS). On that same day, based on an application, which included evidence provided by the FTC and the NYAG setting forth alleged violations of state and federal debt collection law, Judge William A. Skretny granted their request for an *ex parte* Temporary Restraining Order (TRO), immediately halting Ciffa's and the other defendants' unlawful practices, and placing their businesses into a temporary receivership. The Receiver shut down Ciffa's business, Bonified Payment Solutions.

12. On May 15, 2015, Judge Skretny granted a motion for a preliminary injunction that preserved much of the relief contained in the TRO. The FTC and the NYAG have now moved for summary judgment and their motion is pending before Judge Skretny. According to the FTC and NYAG, Joseph Ciffa, the other defendants and their associated collectors used

false threats of criminal or civil sanctions to pressure victims into making payments. Ciffa's operation routinely began collection calls by falsely claiming the call was from, or on behalf of, a government agency, law firm, process server, or unrelated collection agency. Sometimes the callers would claim they had been "retained" by a district attorney's office or that a government authority had "placed" charges with the caller's company for resolution. The callers also frequently (and falsely) identified themselves as investigators, attorneys, process servers, and even FBI agents or other government personnel.

13. According to FTC and NYAG, building on the misrepresentations regarding identity and location, Ciffa and the other defendants threatened consumers with arrest and other dire consequences. Many of the threats involved false claims that the consumers had committed one or more felonies, and that a warrant was being issued for the consumers' arrest or that an officer was being dispatched to detain the consumer. Specific scripts and calls would often show these threats being made in detail, with collectors claiming that the consumers were facing 60 or 120 days of mandatory jail time or advising consumers to ensure that their children had adequate supervision because the caller was coming with a uniformed officer to detain the consumer.

14. The preliminary injunction issued by Judge Skretny, currently still in effect, prohibits Ciffa, his employees or agents, from engaging in any debt collection practices that violate federal or state law, including making any of the misrepresentations described above. In spite of this preliminary injunction, as will be detailed in this affidavit, there is probable cause to

believe that Ciffa continued to engage in criminal activity, including wire fraud, after the injunction was in place.

Fraudulent Debt Collection Scheme

15. Ciffa's debt collection operation employed a three step fraud scheme used to defraud targeted victims. This involved three groups of employees; with each group focusing on one step of the fraud scheme. The steps are detailed below:

- a. Step 1: The first step involved calls placed by employees known as "point callers," who contacted targeted victims via telephone, and often delivered threatening scripted calls. An example of one of the scripts obtained from a former employee reads as follows:

"This message is intended to reach debtor. My name is _____ calling on behalf of business name. This call is to inform you of a two-part felony complaint that was forwarded to my office for pursuance of charges into _____ county. Once filed, a warrant for your arrest will be issued and the Sheriff's department will accompany and assist me to your home or place of employment for your detainment. If you have any questions, concerns or objections prior to the filing, contact my office back at _____. Debtor you have now been legally notified in accordance with all federal and state laws."

Point callers directed victims to call a particular telephone number in order to get more information. This number led the victim to the "live server," or shaker." If the targeted victim did not call back, the "point callers" were directed to deliver additional scripted messages which were even more threatening in tone.

- b. Step 2: The second step occurred when the targeted victim called the number provided during the initial "point caller" step. When the victim called back, a second group of Ciffa employees, known as either "shakers" or "live servers", spoke with the victim and elaborated upon the purported criminal charges, sometimes explaining that the situation was related to an unpaid loan, and sometimes referencing criminal statutes,

including the federal bank fraud statute. The “shakers” then provided the victims with another telephone number to call in order to speak with the “attorney” handling their case.

- c. Step 3: The third step of the fraud scheme happened when the targeted victim called the telephone number provided during the second step of this scheme. When the victim called back, a third group of Ciffa employees, known as “closers,” or “attorneys,” spoke with the victim and instructed the victim to make payment. These “closers” often represent themselves as attorneys. In an attempt to add credibility to this step of the scheme, the “closers” often researched and impersonated actual attorneys, sometimes providing that attorney’s “Bar Number” to the victim. These “closers” typically told victims that if they made immediate payment, a “court release number” could be issued, which would make the arrest warrant and criminal charges go away. At this point, these “closers” either provided the victim with payment instructions, or transferred them to another individual who provided payment instructions.
- d. The victims were usually instructed to provide funds into a MoneyGram account or some other payment processing account.¹ Ciffa’s operation also received victims payments via bank-to-bank wire transfers. Ciffa and/or his employees would then arrange for the funds to be transferred from the MoneyGram or payment processing account into a bank account from which Ciffa, or those acting on his behalf, could withdraw funds.

16. In some instances, once a victim had been targeted and made payment on a debt, they would be contacted again by Ciffa’s collection operation to collect upon the same debt. These calls were referred to as “re-dos.” In these instances, the victims were typically led to believe that the debt being collected upon was not the same debt they had already paid on. The following text messages, sent to and from Ciffa, were recovered from the cellular telephone

¹ MoneyGram is a money transfer company that allows businesses to receive money payments from individuals for such things as goods and services. A payment processing account, commonly called a merchant account, is a type of bank account that allows businesses to accept payments by payment cards, typically debit or credit cards.

belonging to a Ciffa employee who conducted the attorney impersonation step of the fraud scheme:

12/13/2016 text from Ciffa.: "No one is following the pitch I sent yesterday..."

12/13/2016 to Ciffa: "I was but its hard when they say what are the charges about before u even tell them anything"

12/13/2016 from Ciffa: "Have you been picked up on this mamn? Ok as I stated this file has been sent out to the county already. All I can do at this point is issue a court release number..... Then if they don't cooperate at that point, go on with,.... I recommend you hire a criminal attorney to assist you through the arraignment. You have to let them hear you say "court release" number earlier in your pitch because it's the last thing they're hearing from the live server."

Payment Processing Accounts, Bank Accounts and Business Entities

17. Ciffa's operation used false business names when dealing with victims for several reasons: 1) to avoid detection by victims, who often query consumer complaint websites to see if the company contacting them has a history of fraud; 2) to facilitate the continued use of bank accounts and payment processing accounts, which were frequently shut down; and 3) to avoid detection by law enforcement and consumer protection government agencies. I have identified at least thirty-three (33) business names used by Ciffa's operation between approximately January 2015 and December 2016. Some of the business names used include: Vullo Processing (incorporated in Nevada), Gateway Process (registered in Niagara County, New York), Lakeside Mediations, First Point Mediation, and Miranda Group.

18. In order to establish and utilize multiple business names, payment processing accounts, and bank accounts, Ciffa directed employees and/or induced employees with cash, to establish shell companies, open payment processing accounts, and open bank accounts. Ciffa

also directed employees and/or induced employees with cash to withdraw cash from and/or cash checks drawn on bank accounts, and to deliver the cash to Ciffa and/or his managers and associates. Ciffa also utilized payment processing accounts and bank accounts controlled by his associates, including Turpin and Collana. Ciffa used these businesses, payment processing accounts and bank accounts to collect victim payments. In addition, employees often received paychecks from these various accounts.

19. During this investigation, numerous cellular telephones have been searched, as a result of the executions of search warrants and/or consent searches. Through those searches, I have recovered and reviewed numerous messages between Ciffa and certain employees, directing the withdrawal of funds on his behalf.

20. The following is a sample of messages exchanged between Ciffa and Employee 1:

Text from Ciffa on August 29, 2016: "9400 please. You can give it to E²."

Text from Ciffa on September 1, 2016: "Please take out 6200 and come to my home office"

Text from Ciffa on September 2, 2016: "Good morning... Can you take out \$6800"

Text from on September 6, 2016: "Please take out 8000. I'm at home office. Thank you!"

Text from Ciffa on September 8, 2016: "Grab 9200 and meet me at the Kenmore office."

Text from Ciffa on September 9, 2016: "Please pull 4400 and bring to my house"

² "E" is an abbreviation for Erica Lounsberry.

“Text from Ciffa on September 21, 2016: “Please pull 6k and drop off to E. Thank you”

Text from Ciffa on September 22, 2016: “Please pull 6k tomorrow at 9am. Bring to my house.”

Gateway Process Accounts

21. Witnesses have stated that Erica Lounsberry, one of Ciffa’s managers at 870 Ontario Street, handled much of the banking account activity associated with the operation. I have reviewed a number of telephone text messages exchanged between the same Ciffa employee referenced in Paragraph 15, and Lounsberry. The following are a sampling of such text messages between Lounsberry and Employee 1:

Text from Lounsberry on October 13, 2016: “Can u please call key bank for a balance on the account”

Text to Lounsberry on October 13, 2016: “\$3930... I’m kinda confused... it was 15 thous yesterday, right?”

Text from Lounsberry on October 13, 2016: “Joe said to call M&t and see when money gram will show that it hit”

Text from Lounsberry on October 14, 2016: “Please call on the first Niagara account and get a list of what checks have cleared so far this week”

Text from Lounsberry on October 14, 2016: “Have to call M&T for Joe first, it will be a few minutes before I get back to you”

Text from Lounsberry on October 17, 2016: “Can u also send me the account and routing number for Gateway at key”

22. The above conversations reference accounts at M&T Bank and Key Bank, opened by a Ciffa employee at Ciffa’s direction, in the name of Gateway Process. The employee also opened a MoneyGram account in the name Gateway Process. Between April 27, 2016 and

December 20, 2016, there were 1046 transactions of individuals, presumably victims, making payments into this account, for a total of \$847,422.96. An agreement with MoneyGram allowed MoneyGram to transfer the collected money into the Gateway Process First Niagara bank account. MoneyGram provided, and I have reviewed the names of the individuals who made payments, the dates of payment, the amounts paid and address and contact phone numbers of the payees.

23. I have also reviewed records from First Niagara Bank (now currently owned and operated by KeyBank), which included account information for the Gateway Process business bank account. An analysis of the banking activity showed that between April 4, 2016 and October 7, 2016, there were approximately 112 deposits into this account from the Gateway Process MoneyGram account totaling \$843,539. During this same time period, there were a total of 231 withdrawals made by either cash or check between values of \$745 and \$9750. As the deposits came into this account from MoneyGram, the money was systematically withdrawn in amounts less than \$10,000.

24. Based on my training and experience, I know that this banking activity is consistent with what is known as “structuring” financial transactions. Under U.S. law, a financial institution is required to file what is known as a Currency Transaction Report (CTR) for any financial transaction in currency of more than \$10,000. Individuals and businesses engaged in illegal activity often “structure” their banking transactions in order to evade the filing of CTRs and law enforcement detection.

Identification of Victims

25. With the information provided by MoneyGram for the Gateway Process MoneyGram account, I was able to make contact with several individuals who made payment into this account. Each individual described falling victim to the fraud scheme perpetrated by Ciffa's operation, described above. The following are some examples of individuals I have spoken to:

- a. Records show that on September 26, 2016, J.L. from Washington State made a MoneyGram payment of \$1120. On November 2, 2016, I spoke with J.L. who described the incident involving his \$1120 payment. On September 26, 2016, J.L. received a phone call from someone claiming to be from "State Filing and Legal Services" stating that his daughter was going to be arrested on criminal charges. These criminal charges were supposedly related to an unpaid loan from "Advanced Opportunities," a payday loan company. The caller provided J.L. a phone number to call in order to obtain additional information. J.L. called his daughter who confirmed that she had taken out payday loans in the past. Fearing that his daughter was going to be arrested, J.L. called back the phone number provided and spoke with Veronica, an attorney at "ADR Legal Office" who was handling the case against his daughter. Veronica told J.L. that if the \$1750 outstanding debt was not immediately paid, his daughter would be arrested and that the outstanding balance of the loan would increase. Veronica stated that if payment was made she could issue a "court release" which would nullify the warrant issued for his daughter. In order to coax a payment, Veronica offered a reduction of payment from \$1750 to \$1120. Veronica provided J.L. the Gateway Process MoneyGram account number and advised him to send a payment into this account. J.L. visited a nearby Walmart store location and sent the \$1120 payment. J.L. requested a receipt for payment, however, Veronica stated that her "secretary was very busy" and that a receipt would be sent to J.L. via e-mail. J.L. stated that he never received the promised receipt for his payment.
- b. Gateway Process MoneyGram records show that on May 16, 2016, M.M. from Colorado made a MoneyGram payment of \$1840.89. On November 2, 2016, I spoke with M.M. who described the incident involving his \$1840.89 payment. On November 2, 2016, M.M. received a phone call which appeared to originate from her local area. The caller claimed to be calling from "First Point Mediation" and was informing M.M. that criminal charges were being filed against M.M. for felony

fraud. The caller informed M.M. that if she had any children she would have to make child care arrangements because a warrant of arrest had been issued. When M.M. inquired what she could do about this situation, the caller provided M.M. a phone number to call so she could speak with someone about the matter. M.M. called the number and spoke with a representative assigned to her case. The caller told M.M. that she was surprised M.M. hadn't already been picked up. The caller advised that M.M. had taken out a loan from "Advance Cash" and there was an outstanding balance of \$1848. When M.M. asked if she could pay with a credit or debit card, the caller advised that she needed to make an immediate payment to a MoneyGram account belonging to Gateway Process in Niagara Falls, NY. M.M. was told that if she made payment a "court release" would be sent. According to M.M., she has children and was "scared to death" about being arrested. M.M. didn't have the money and had to borrow the \$1848 from a co-worker. M.M. sent the \$1848 payment to the Gateway Process MoneyGram account. Upon payment, M.M. received a letter via e-mail from "First Point Mediations". M.M. provided me a copy of this letter which mentions that payment would "dismiss all pending charges" and that "we can have this case dismissed and receive the court release number if this is satisfied before charges become active."

- c. Gateway Process MoneyGram records show that on September 26, 2016, P.P. from Texas made a MoneyGram payment of \$1262.06. On November 2, 2016, I spoke with P.P. who described the incident involving the \$1262.06 payment. On September 26, 2016, P.P. received a voice message from Jennifer Clark from "State Filing and Legal Services". Jennifer Clark informed P.P. that a two-part criminal complaint was due to be filed with the District Attorney's office requesting the judge to sign-off on a warrant for her immediate detainment. A phone number was left on this message for P.P. to call for further information. P.P. called this phone number and spoke with another female who again threatened issuance of an arrest warrant unless an immediate payment was made. P.P. was provided the Gateway Process MoneyGram account information where she could send this payment. Fearing criminal charges and arrest, P.P. made the \$1262.06 payment. P.P. explained that her husband had just received a refund check from their mortgage company for excess escrow payment. P.P. explained that she had to use this money in order to make the payment, which caused a financial burden to her family. P.P. was also able to provide me a copy of the original voice message left by Jennifer Clark threatening arrest. I was able to play this voice message to CS-2 who confirmed that the voice belonged to K.J., one of Ciffa's employees.

- d. Gateway Process MoneyGram records show that on September 25, 2016, S.B. from Nevada made a MoneyGram payment of \$607. On November 3, 2016, I spoke with S.B. who described the incident involving the \$607 payment. On September 25, 2016, S.B. received two voice messages at work. One voice message was from Vanessa Costello from "State Filing and Legal Services", informing S.B. of a criminal complaint being filed against him. Vanessa Costello provided a phone number to call to obtain additional information. The second voice message was from Marissa Miller from "Global Processing", informing S.B. that a criminal complaint was filed and that the Sheriff's department would be making the arrest. Marissa Miller stated that large dogs and firearms needed to be "put up" properly and that minor children will need supervision. S.B. called the number provided and spoke with a representative from "ADR", which was some sort of arbitration or mediation company. S.B. was told that he faced imminent arrest unless he could make an immediate payment of \$1800. S.B. told the representative from ADR that he didn't have the money. S.B. was told that he could make four payments to satisfy the outstanding debt. S.B. stated that he made four payments totaling \$1881 to the MoneyGram account belonging to Gateway Process in Niagara Falls, NY. S.B. explained that he had to pay "late fees". S.B. provided the dates of payment:

September 25, 2016 -- \$607

October 7, 2016 -- \$607

October 28, 2016 -- \$337

November 2, 2016 -- \$330

S.B. explained that he has a family and a good job and didn't want to jeopardize those things by being arrested for felony charges.

- e. Gateway Process MoneyGram records show that on September 26, 2016, R.W. from Texas made a MoneyGram payment of \$1284.91. On November 2, 2016, I spoke with R.W. who described the incident involving the \$1284.91 payment. R.W. explained that she received a phone call stating that criminal charges were being filed against her and that the Sheriff's department would be showing up at her house to arrest her. The caller provided R.W. a phone number to call to obtain additional information. R.W. called the phone number provided and spoke with another person from "Lincoln Mediation" who stated that she owed an outstanding debt related to a company called "Advance Cash". R.W. was told that if she didn't pay the outstanding debt she would be arrested the following morning. R.W. was provided the MoneyGram account information for Gateway Process in Niagara Falls, NY. R.W. stated that she is an elderly cancer patient and had to borrow \$500 from her sister. R.W. explained that she has modest means and had to use the

little money she had set aside for medical expenses to cover this debt. Fearing arrest on criminal charges, R.W. sent the \$1284.91 MoneyGram payment from a local Walmart store. R.W. explained this incident put her into "a big hole".

26. I was also able to identify victims of Ciffa's scheme through the use of Consumer Sentinel, an online database maintained by the Federal Trade Commission to catalog victim complaints. After conducting a limited query sample of the various business names and phone numbers used by Ciffa and his fraud organization, I was able to identify over a hundred targeted fraud victims. Many of the targeted victims were queried in the Carmelo Collana TLOxp account associated with Ciffa the same day they were contacted by telephone. TLOxp will be more fully described in subsequent portions of this affidavit.

27. While searching for fraud victims on the Consumer Sentinel Network, I conducted a query for "First Point Mediation"; one of the fraudulent business names used by Ciffa's operation, and discovered twelve consumer complaints. One such complaint was filed on October 23, 2016 by K.C. from Mississippi. I contacted K.C. and spoke with her regarding her complaint. K.C. explained:

- a. On or about June 22, 2016, she received a phone call threatening her with criminal charges related to an unpaid debt. K.C. was told that she would be arrested by the Sheriff's Department the following day unless the debt was immediately paid. K.C. was provided the number for "First Point Mediation" for further information. Upon speaking with someone from "First Point Mediation", she was again threatened with arrest unless the debt was paid. K.C. agreed to make multiple payments and was directed to send the payments via MoneyGram to Gateway Process in Niagara Falls, New York. K.C. made five payments for a total of \$2850.13.
- b. K.C. explained that she is a single mother and works as a registered nurse at a trauma hospital. K.C. was fearful about being arrested and made payments because she didn't want to lose her job as a nurse. K.C. stated

that she had taken out a loan back in 2012 which she paid in full. K.C. realized she was the victim of a scam when she tried to call the phone number involved with this scam and discovered that the number was disconnected.

- c. Furthermore, when I reviewed the Gateway Process MoneyGram account I discovered that that K.C. made four payments into this MoneyGram account:

September 16, 2016 – \$702.88

July 5, 2016 – \$338.25

June 10, 2016 – \$377.50

May 27, 2016 – \$676.50

TLOxp

28. TLOxp is a commercial database provided by the credit bureau TransUnion and is used by a wide array of industries such as debt collections, licensed investigators, law enforcement, insurance companies, attorneys and law firms. In order to obtain a TLOxp account, such an entity must go through an approval process, wherein TLOxp verifies that the entity has a legitimate need to use their databases. I have learned that Ciffa's employees utilized a particular TLOxp account and other information systems to research prospective fraud victims.

29. I have reviewed information provided by TransUnion TLOxp related to the account, which indicates the following: TLOxp Account #93811 is registered to Carmelo Collana, using a business name of Credit Mediation Services. TLOxp provided a list of users and all the queries conducted for this TLOxp account covering of time frame of May 5, 2016 to October 8, 2016. A total of 24,176 queries were conducted during this time frame seeking information on individuals across the United States. Erica Lounsberry logged into this account,

as did another Ciffa employee. When I compared the list of individuals who made money payments into the Gateway Process MoneyGram account with the query history of this TLOxp account, I found that large numbers of the fraud victims were queried by this TLOxp account the same day they were contacted and targeted for “collection calls” from Ciffa’s organization.

30. Furthermore, on November 9, 2016, Alan Ceccarelli pled guilty in the Western District of New York to Title 18, United States Code, Section 1349, Conspiracy to Commit Wire Fraud and Title 18, and United States Code, Section 1028A(a)(1), Aggravated Identity Theft. Alan Ceccarelli had defrauded thousands of victims across the United States while operating a purported debt collection business. During this investigation, I was able to identify that Ceccarelli also queried targeted fraud victims in the TLOxp account belonging to Carmelo Collana, thus confirming that this TLOxp account has been used to facilitate additional criminal activity in the past.

31. Through this investigation, I have become aware of TLOxp’s practices, including their use of subscriber agreements with their registered users. Based on my understanding, Ciffa’s use of Carmelo Collana’s TLOxp account is believed to be in violation of TLOxp’s subscriber agreement, which precludes use of an account other than for legitimate business conducted by a registered user or an employee or contractor of the registered user.

Damario Turpin – Legal Consultant Services

32. My investigation has shown that Damario Turpin is a business associate of Ciffa. Damario Turpin is the owner of “Legal Consultant Services,” a debt collection business

operating in Buffalo, New York. Ciffa has used Turpin to process some of Ciffa's fraud victim payments in exchange for a fee. Turpin had a MoneyGram payment account that was used for processing these victim payments. Furthermore, a review of toll records for Ciffa's cellular telephone shows that Damario Turpin is saved as a contact on Ciffa's phone and call history and text message history show Turpin and Ciffa in regular contact with each other. In addition to processing victim payments on Ciffa's behalf, Turpin also operates an illegal debt collection fraud scheme in the Western District of New York.

33. Besides the Gateway Process KeyBank and MoneyGram account described above, Ciffa also made use of a MoneyGram account maintained by Damario Turpin under the name Legal Consultant Services (this account is referred to hereafter as "Turpin MoneyGram Account"), to collect victim payments.

34. Information provided by MoneyGram, relating to the Turpin MoneyGram Account, shows that between November 4, 2015 and February 3, 2017, there were 6,195 transactions of individuals making payments into this account, for a total of \$3,557,016.75. MoneyGram provided the names of the individuals who made payments, the dates of payment, the amounts paid and address and contact phone numbers of the payees.

35. I also reviewed records from KeyBank (previously First Niagara Bank), which included account information and account statements for the business account opened by Damario Turpin under the business name Legal Consultant Services. An analysis of the banking activity showed that between April 29, 2016 and August 8, 2016, there were almost daily

deposits into this account from the Legal Consultant Services MoneyGram account totaling \$1,271,487.02. During this same time period, there were a total of 457 check debits all made payable to individuals; 316 of these checks were cashed checks totaling \$532,145.37, ranging from \$91.00 to \$9,889.00. Many of these checks were made payable to Ciffa employees who I have determined through my investigation to have been engaged in the illegal debt collection scheme.

36. Ciffa also used \$33,000 from the Turpin KeyBank Account as a down payment on the purchase of his residence at 2084 E. River Road in Grand Island, NY. As the deposits came into this account from MoneyGram, the money was systematically withdrawn in amounts less than \$10,000. The banking activity of Turpin mirrors the banking activity conducted by Ciffa.

37. At least one Ciffa employee has stated that they were asked by Ciffa to meet with Damario Turpin to collect cash for Ciffa. Ciffa employees have also described being paid through an account bearing Turpin's name.

"Re-do" Scheme

38. As stated previously, Ciffa's illegal collection operation targeted victims more than once to collect on the same debt (referred to as "re-dos"). Using multiple MoneyGram accounts helped to facilitate this scheme. A comparison of the list of individuals who made payment into the Turpin MoneyGram account, with the list of individuals who made payment into the Gateway Process MoneyGram account, showed that between November 4, 2015 and

February 3, 2017, there were 6,195 transactions of individuals making payments into the Turpin MoneyGram Account, for a total of \$3,557,016.75; and between April 27, 2016 and December 20, 2016, there were 1046 transactions of individuals making payments into this account, for a total of \$847,422.96. Of these, approximately 159 victims made payments into both MoneyGram accounts, often with a month or longer interval between payments. Some victims made their initial payment(s) into the Gateway Process MoneyGram account and then their subsequent payment(s) into the Turpin MoneyGram account, or vice versa.

39. I have spoken with numerous individuals from across the United States who made payments into both the Gateway Process MoneyGram Account and the Turpin MoneyGram Account. All these individuals, without exception, described being telephonically contacted and threatened with criminal charges and arrest in an effort to obtain payment for an outstanding loan debt. The following is a representative sample of the individuals I have spoken to:

- a. Records show that J.D. from Ohio made the following MoneyGram payments:
 04/19/2016: \$900 payment into Turpin MoneyGram Account
 05/20/2016: \$450 payment into Turpin MoneyGram Account
 08/05/2016: \$700 payment into Gateway Process MoneyGram account
 08/05/2016: \$600 payment into Gateway Process MoneyGram account
- b. On December 22, 2016, I spoke with J.D. who described the incidents involving the above cited MoneyGram payments. On April 1, 2016, J.D. was in New Mexico for First Responder training when he received a telephone call from Christen Carter from Valentine Legal Mediation. J.D. was told that two felony arrest warrants had been issued for his arrest related to check fraud. J.D. advised that he was out of town and was told that he would be arrested upon his return home. J.D. was told that the criminal charges were related to an unpaid loan. J.D. offered to make an immediate credit card payment but was advised that he needed to make an immediate MoneyGram payment. Fearing arrest, J.D. agreed to make

two payments. J.D. was provided the MoneyGram account information for the Turpin MoneyGram Account and made an initial payment of \$900 on April 19, 2016 at a local Walmart and a second payment of \$450 on May 20, 2016.

- c. Months later, in August 2016, J.D. was telephonically contacted by Ben Callahan, who claimed to be from the Trumbull County Court House. J.D. explained that his caller ID showed the phone call originating from the local court house. The caller advised J.D. that he was going to be criminally charged with U.S. Penal Code 1344, Chapter 63 for an unpaid debt. J.D. was advised that if he did not make immediate payment, he would also be charged with "breach of contract". The caller told J.D. that he could make an immediate settlement payment of \$1000 or two installment payments totaling \$1300. J.D. was short on money so decided to make two payments. J.D. made one payment on August 5, 2016 for \$700 and, after obtaining additional money, made a second payment later on August 5, 2016 for \$600. Both payments were made into the Gateway Process MoneyGram account. J.D. is very upset about being swindled.

Evidence From Ciffa's Home and Businesses

40. On December 15, 2016, a search was conducted at Joseph Ciffa's residence at 2084 E. River Road, Grand Island, NY 14072. In Ciffa's home, agents discovered a debit card bearing Damario Turpin's name linked to the Turpin KeyBank Account; business checks for the Gateway Process First Niagara Account and Turpin KeyBank Account; and a bank signature stamp for Damario Turpin. I have reviewed the processed checks provided by KeyBank for the Turpin KeyBank Account and can attest that the Damario Turpin signature stamp discovered in Ciffa's residence matches the signature stamps shown on the checks made payable to Ciffa's employees.

41. During this search, Joseph Ciffa's cellular telephone was seized and searched. A forensic analysis was conducted upon this cellular telephone and the information and data

contained on this phone was exported into a formatted report. Discovered on Ciffa's cellular telephone were recorded phone conversations that Ciffa had with numerous individuals³. Many of these recorded phone conversations evidence Ciffa describing in detail the fraud scheme his debt collection organization engaged in. Other recorded phone conversations detail the money Ciffa was making as a result of his illegal activity. Below is a sampling of the statements Ciffa made on these recorded phone calls:

Recording from 03/29/2016: "I never realized what an easy talk-off it is to get a debtor to pay MoneyGram. It's just... you're going after them for bank fraud."

Recording from 04/14/2016: "We did 370 grand the month of March... We're on a \$300,000 a month pace right now..."

Recording from 04/20/2016: "I have 180 grand saved right now."

42. Also discovered on Ciffa's cellular telephone was a recording of a phone conversation wherein Ciffa stated that he paid Damario Turpin "10%" of the monies processed by Turpin on Ciffa's behalf. During another recorded conversation found on his phone, Ciffa mentioned having Turpin and a few of Turpin's employees come to his office to learn his collection scheme.

43. During the search of Ciffa's residence, a computer belonging to Ciffa was seized and later searched. During a review of this computer, a spreadsheet was discovered, showing Ciffa's income derived from his debt collection operation from 2016. On this spreadsheet were two columns: One column was titled "Shop A Income" and the other column was titled "Shop

³ These recordings were stored on the phone and were not recorded as a result of any action by the government.

B Income". My investigation has shown that Erica Lounsberry managed one group of employees and Debbie Seright managed another group of employees. The column title "Shop A Income", referring to Lounsberry's group of employees, shows that between January 4, 2016 and December 11, 2016, Ciffa earned \$2,103,105.92. The column title "Shop B Income", referring to Seright's group of employees, shows that between January 4, 2016 and December 11, 2016, Ciffa earned \$1,154,213.49. Total Ciffa income shown on this spreadsheet for 2016 was \$3,257,319.41. Another spreadsheet was discovered on Ciffa's computer, showing monthly income totals for the year 2015, adding up to \$1,284,951.04.

44. On December 15, 2016, law enforcement agents executed a search warrant at 870 Ontario Street, Kenmore, NY 14217, one of Ciffa's business locations. During this search, pay sheets bearing victim information and payment information were discovered with notations indicating that victims made payment into the Turpin MoneyGram account and into the Gateway Process MoneyGram account.

45. Additionally, Erica Lounsberry was the manager who handled much of the banking activity related to Ciffa's fraud scheme. During the search, Lounsberry's cellular telephone was seized and searched pursuant to the warrant. On the phone were text messages between Lounsberry and Damario Turpin. The phone number associated with Damario Turpin on Lounsberry's phone matched the phone number provided by Turpin on the Turpin KeyBank Account application. The text messages exchanged between Lounsberry and Turpin related to

Turpin processing victim payments on Ciffa's behalf. A sampling of the text messages exchanged between Turpin and Lounsberry is as follows:

10/20/2016 Turpin to Lounsberry: Sometime next week I'm gonna stop by with a few people. I told Joe and he said it was cool. I need to get your program. Yall are to good!!!!"

11/18/2016 Lounsberry to Turpin: "(name redacted) from yesterday is ours. After fees for Monday I have 10204.78. After fees for tomorrow I have 15335.19. What address is attached to legal consultant bank"

11/18/2016 Turpin to Lounsberry: "3060 bailey Ave. Ste 35, buffalo, NY 14215. To my account you mean?

11/18/2016 Lounsberry to Turpin: "Yes"

11/23/2016 Lounsberry to Turpin: "After fees tomorrow I have 10465.20"

11/25/2016 Lounsberry to Turpin: "After fees i have 7381.30"

11/25/2016 Turpin to Lounsberry: "Got it"

11/28/2016 Lounsberry to Turpin: "(name redacted) from the 26th is ours. After fees for tomorrow i have 5379.48"

11/28/2016 Turpin to Lounsberry: "Who am I missing cause I have 4839"

11/28/2016 Lounsberry to Turpin: "Can you call this crazy lady back please"

11/28/2016 Turpin to Lounsberry: "She's now saying you are a scam and she called the corporate office of the building and they said they don't know who you are. I tried to tell her you are a pre litigation company and you handle things before court"

11/28/2016 Lounsberry to Turpin: "Ok"

11/28/2016 Turpin to Lounsberry: "What do you want me to do with this lady. B4 she press charges as she say she will should I just give a refund?"

11/30/2016 Lounsberry to Turpin: "After fees tomorrow i have 1486.80"

11/30/2016 Turpin to Lounsberry : "Crazy lady called again this morning and said if you can send her paperwork that you are legit she will repay"

12/05/2016 Lounsberry to Turpin: "After fees for tomorrow I have 5950.04"

12/05/2016 Turpin to Lounsberry: "I have 6655. I checked twice and it's the same \$6655"

12/06/2016 Turpin to Lounsberry: "Keep them coming heavy if possible. I'm needing all the help I can on my end, it's Christmas time and I'm hurting"

12/07/2016 Lounsberry to Turpin: "After fees for tomorrow I have 3719.59. Had to change the password Buffalo123!"

12/07/2016 Turpin to Lounsberry: "Somebody messed Money-Gram up so I have to call and change it so bear with me"

12/13/2016 Lounsberry to Turpin: "What address do u have attached to the bank card"

12/13/2016 Turpin to Lounsberry: "Can you save it? I just gave it to Joe. 3060 Bailey Ave. Ste 35, Buffalo, NY 14215"

12/13/2016 Lounsberry to Turpin: "Lol saving it now"

12/13/2016 Turpin to Lounsberry: "I forgot to take the 1292 out of your money so I have to take that out of your money. For that refund remember"

46. Also discovered on Lounsberry's phone were text messages exchanged between Ciffa and Lounsberry. Two text messages sent by Ciffa to Lounsberry show that Ciffa was providing the illegal scripts which were used by his employees when targeting victims for fraud:

04/21/2016 Ciffa to Lounsberry: "Don't abandon your opening line, mamn have you been picked up on these charges?"

04/21/2016 Ciffa to Lounsberry: "Yes mamn I see that, however the only part of this admissible on your bankruptcy are the civil fees. Which were quite a bit seeing the interest on this loan. However, the federal portion can not be attached to a chapter 7 nor a chapter 11 do to the criminal charges."

Turpin Debt Collection Operation

47. Turpin operated debt collection operations in the Western District of New York. For some period of time, his operation was located at 3060 Bailey Ave. in the City of Buffalo. In approximately April 2017, the operation moved and or expanded to a new office located at

3411 Delaware Ave., in Buffalo. Witnesses have indicated that Turpin and two of his employees came to Ciffa's office to learn the fraud scheme that Ciffa's operation used to defraud victims. This comports with the texts from Turpin to Lounsberry from October 20, 2016, referenced above.

48. In February 2017, I obtained a list of phone numbers provided for Turpin's debt collection operation. This list shows that Turpin has sixty-one (61) phone numbers registered to him. On February 10, 2017, I interviewed Turpin, along with Internal Revenue Service Special Agent Ryan Puckett. During this interview, Turpin stated that he had been involved with debt collection since 2001, but claimed he later decided to become only involved with "payment processing" because of all the "BS" involved with collections. When asked directly if he was currently involved with debt collection, Turpin claimed that he was no longer involved in debt collection. Evidence gathered during this investigation shows that Turpin does in fact own and operate a debt collection business engaged in wire fraud activities, and that Turpin made willful false statements to federal law enforcement officers during the course of that interview.

49. On February 16, 2017, a representative of the New York Attorney General's Office ("AG representative") called one of the Turpin phone numbers. A female answered this call stating, "Summons & Warrants Division". On February 21, 2017, the AG representative called and recorded a phone call to another phone number assigned to Damario Turpin. Again, a female answered "Summons & Warrants Division". During this call, the AG representative impersonated the daughter of a targeted fraud victim. The female who answered the phone,

identified herself as Ms. Stone, told the AG representative that “we facilitate court action here, do you have a case number”. Other portions of this conversation are as follows:

AG representative: “Are you a cop or something”

Ms. Stone: “We’re investigators, we have a claims officer here. Do you have your mother’s claim number? Your mother is gonna be brought up on charges”.

AG representative: What are you gonna charge her with?

Ms. Stone: “Felony check fraud.”

AG representative: “Are you a government agency?”

Ms. Stone: “We are. You just gonna keep asking questions or are you gonna release your mom’s name or you just want her to sign for a court summons and you can appear with her in court? There’s no problem with tracing your number.”

AG representative: “I will have her call you back.”

Ms. Stone: “I’ll just skip your number and I’ll facilitate the court order against your mother. It’s not hard to find out who she is.”

50. After conducting a limited query sample of the phone numbers used by Turpin and his business name “Legal Consultant Services,” in the Consumer Sentinel Network, I was able to identify over eighty (80) targeted fraud victims across the United States. All of these targeted victims reported having been threatened with felony charges and imminent arrest unless an immediate payment was made. One such complaint was filed by C.R. in Kansas on January 12, 2017, who reported being called and threatened with “warrants put out for my arrest” and “2 Felony charges”.

51. While researching victims targeted by Turpin’s illegal debt collection scheme, I learned that Turpin’s organization was using the name Pre-Legal Mediation Services. While

conducting queries in the Consumer Sentinel Network, I discovered a consumer complaint submitted on March 16, 2017. The victim, identified as M.T. in Tennessee, reported receiving a call on February 9, 2017. M.T. reported being threatened with arrest if she did not make an immediate payment of \$528.00. Fearing arrest, M.T. made a \$528.00 payment to a company identifying itself as Pre-Legal Mediation Services. M.T. also provided the phone number used during this fraud incident. On March 22, 2017, the AG representative called this phone number. Damario Turpin himself answered the phone identifying himself as "Stanley Roberts". I have listened to this recorded phone conversation and can confirm that the voice of the person claiming to be Stanley Roberts is Damario Turpin.

52. I queried the Consumer Sentinel Network and discovered two consumer complaints from targeted fraud victims who spoke with "Stanley Roberts". One complaint, filed by D.H. in Texas on February 21, 2017, described being called by a company called Pre-Legal Mediation Services. On March 20, 2017, I spoke with D.H.'s sister, S.B., who called this company on her sister's behalf. D.H. was fearful that she was being targeted for fraud and requested the assistance of her sister in dealing with the situation. S.B. stated that she called Pre-Legal Mediation Services and spoke with a man named Stanley Roberts. During this conversation, Stanley Roberts told S.D. that if she didn't agree to pay, he would "move forward" to have her "arrested immediately". When I played the recording of Damario Turpin using the alias of Stanley Roberts made by the AG representative, S.D. positively identified Damario Turpin's voice as the person she spoke with claiming to be Stanley Roberts.

Evidence From Turpin's Business

53. On April 21, 2017, law enforcement agents executed a search warrant at Damario Turpin's business office located at 3411 Delaware Avenue in Buffalo, NY. During the execution of this search, Turpin and nine (9) of his debt collection employees were present. During this search warrant, call scripts were discovered throughout the office at employee desks indicating that Turpin's employees were calling debtors and threatening them with criminal charges and arrest, oftentimes while impersonating law enforcement. During this search warrant, Turpin's cellular telephone was seized and searched. During a subsequent search of the contents on Turpin's phone, an audio recording was discovered of Joseph Ciffa demonstrating the "live server" step of his fraud scheme, wherein the targeted victim is threatened with an arrest warrant. Ciffa tells the victim that if "restitution" is made a "court release number" can be generated and the case dismissed. Another recording discovered on Turpin's cellular phone consisted of a female conducting a "point call" to a targeted victim wherein the victim is threatened with an arrest warrant for Title 18, U.S. Penal Code 1344. These recordings on Turpin's cellular phone indicate that Turpin made these recordings while observing and learning Ciffa's fraud scheme. Evidence obtained during the search warrant and interviews with Turpin fraud victims confirm that Turpin used the same illicit debt collection tactics that were employed by Ciffa's debt collection organization.

Erica Lounsberry – Spencer Partners Inc.

54. During the investigation into Joseph Ciffa's illegal debt collection operation, it was discovered that Erica Lounsberry created a corporation in the State of New York under the name Spencer Partners Inc. on April 7, 2016. On about May 5, 2016, Lounsberry filed an

application with MoneyGram to open a MoneyGram payment processing account. For approximately 8 months, this Spencer Partners Inc. MoneyGram account was dormant, with no payments being processed. However, on January 13, 2017, less than a month after the execution of search warrants upon Joseph Ciffa's residence and business locations, the Spencer Partners Inc. MoneyGram account started accepting payments from individuals from across the United States.

55. After conducting a query sample of Spencer Partners Inc. in the Consumer Sentinel Network, I was able to identify over ten (10) targeted fraud victims. As will be described below, Spencer Partners Inc. has been defrauding victims across the United States by using the same illegal techniques employed by Joseph Ciffa and Damario Turpin. Some of the complaints included the following:

- a. While searching for fraud victims on the Consumer Sentinel Network, I discovered a complaint filed on April 10, 2017 by victim "T.H." from Texas. I contacted T.H. and spoke with her regarding her complaint. On January 10, 2017, T.H. received a telephone call from Fuller, Clemons and Associates advising that she owed money for a payday loan she had received several years ago. T.H. was told that if she didn't pay, information would be sent to the District Attorney and a warrant of arrest would be issued. T.H. stated that the caller "sounded legitimate" and even had her social security number. Fearing arrest, T.H. agreed to make three payments totaling \$2,008.98. T.H. was directed to send three payments via MoneyGram to a company called Spencer Partners Inc. located in Kenmore, NY. T.H. made the following payments to the MoneyGram account belonging to Spencer Partners Inc.:

January 13, 2017	\$669.66
January 27, 2017	\$669.66
February 10, 2017	\$669.66

- b. Subsequent to making these payments, T.H. received a phone call from another debt collection agency seeking payment for the same debt. When T.H. attempted to contact the company to whom she had made the payments, the phone numbers were no longer being answered. T.H. came to the conclusion she had been the victim of a fraud scheme and filed complaints with her local police department and the Federal Trade Commission.
- c. Another victim identified through Consumer Sentinel Network, identified as "M.C." from Texas, filed a consumer complaint on April 6, 2017. In this complaint, M.C. stated that on February 6, 2017, he received a call from Nancy Cotterman from Texas State Filing, who advised M.C. that criminal charges were being filed against M.C. for bank fraud. M.C. was directed to contact Fuller, Clemons and Associates. Upon calling this company, M.C. spoke with Jennifer White, who claimed to represent a "mediation firm". Jennifer White advised that the "suing party" was a payday loan company who was going to issue an arrest warrant if M.C. didn't pay an outstanding loan balance of \$1,677. M.C. was told that the "suing party" would probably accept half of the outstanding balance and was directed to make a payment into the MoneyGram account belonging to Spencer Partners Inc. Fearful of being arrested and charged with bank fraud, M.C. sent a payment of \$838. Upon payment, M.C. was told that she would receive a "stop order" that would render the criminal charges "null and void". M.C. was promised paperwork confirming her payment within thirty days. However, upon receiving no paperwork, M.C. determined she had been the victim of a fraud scheme.
- d. Another victim, identified through Consumer Sentinel Network as "B.H." from Washington State, filed a consumer complaint on January 23, 2017. In this complaint, B.H. states that he received a phone call from US Process Services stating that he owed \$1,200.00 for a loan and that he would be arrested if payment wasn't received immediately. B.H. was provided the phone number for "Houston Mediation", where he could speak with the "attorney" representing the loan company. During this call, B.H. was directed to wire \$1,200.00 via MoneyGram to Spencer Partners Inc. in Kenmore, NY. B.H. refused to pay and contacted the Federal Trade Commission seeking clarification if this incident was a fraud scheme.
- e. Another victim, identified through Consumer Sentinel Network as "J.B." from Ohio, filed a consumer complaint on February 7, 2017. On April 26, 2017, I contacted J.B. and spoke with him about his complaint. In February 7, 2017, J.B. received a telephone call informing him that,

unless he made a payment of \$800 for an outstanding loan debt, criminal charges would be filed and a warrant of arrest would be issued. Fearing arrest, J.B. agreed to make payment and was directed to wire \$800 via MoneyGram to Spencer Partners Inc. in Kenmore, NY. J.B. advised that he doesn't have any money and had to borrow the money from a friend. After discussing this incident with family and friends, J.B. determined that he had been the victim of fraud. J.B. contacted the Ohio Attorney General's office and filed a complaint. J.B. stated that the perpetrators of this fraud scheme "sounded so legitimate" and put the "fear of God" into him. J.B. stated that it "kills my soul" to have fallen for this scheme.

56. On about January 25, 2017, I contacted MoneyGram and confirmed that Spencer Partners Inc. has had a MoneyGram account since approximately May 5, 2016. This account has identification Receive Code #15867 and is maintained by Erica Lounsberry. Between January 13, 2017 and April 25, 2017, there were over 100 transactions of individuals making payments into this account totaling more than \$80,000.

57. On May 5, 2016, Lounsberry submitted an application to MoneyGram seeking a payment processing account in the name Spencer Partners Inc. Question number 15 of the application asked for her to "describe in detail company business model, including any part of the operation that is atypical of the business's industry." Lounsberry responded that the business was a "Property management company that will be collecting rents from tenants". Question 16 asked the applicant to "provide how this product will be used within the business". Lounsberry responded by explaining that the account will be used "to receive rent or past due rent or collect on repairs." Based upon these answers, it is clear that Lounsberry provided false answers on her MoneyGram account application, in that she was not involved with property management and the collection of rent from tenants, but rather was involved with a criminal scheme to defraud targeted victims of money.

58. In regards the Spencer Partners Inc. MoneyGram account, MoneyGram also provided the names of individuals who made payments, the dates of payment, the amounts paid and the address and contact phone numbers of the payees. I have contacted several of these individuals and all described being threatened with criminal charges and arrest unless immediate payment for an outstanding loan was paid.

59. On December 15, 2016, a search warrant was executed upon SEIKOSOFT, d/b/a Simplicity Collection for the debt collection software account belonging to Joseph Ciffa. Ciffa's illegal debt collection operation used this Simplicity account to facilitate the fraud scheme. Debt portfolios were typically loaded into this account and disseminated to employees to collect upon. When I compared the fraud victims who made payments into the Spencer Partners Inc. MoneyGram account with the Ciffa Simplicity account, I discovered that Lounsberry continued to defraud victims from debt portfolios contained in the Ciffa Simplicity account, after the search of Ciffa's business, conducted on December 15, 2016.

60. On January 18, 2017, Internal Revenue Service Special Agent Ryan Puckett and I conducted a consensual interview with Erica Lounsberry. During this interview, Lounsberry admitted handling much of the illicit banking activity for Ciffa's criminal enterprise. Lounsberry had the user names and passwords for the numerous bank and payment processing accounts that Ciffa used to process victim payments. Lounsberry said she would monitor the activity of these accounts and coordinate with others the movement and disbursement of the funds. Lounsberry further admitted to engaging in the third step "attorney" stage in Ciffa's multi-step fraud scheme. During this interview, Lounsberry was asked about Spencer Partners

Inc. and the Spencer Partners Inc. MoneyGram account. Lounsberry stated that she was interested in starting a new business involving Internet website design. Lounsberry explained that Ciffa had entrusted her with an increased workload of responsibilities, which consumed more and more of her time at the expense of her family. Lounsberry stated that she eventually wanted to create a "legit" business with Spencer Partners Inc., which would allow her more time with her family. In spite of Lounsberry's expressed claims to operate Spencer Partners Inc. as a "legit" business involved with Internet website design, it is clear that Lounsberry made willful false statements during this interview, in that she used Spencer Partners Inc. to engage in wire fraud activity defrauding victims across the United States of monies that were directed into her Spencer Partners Inc. MoneyGram account.

Shauniqua Rodriguez

61. Shauniqua Rodriguez was an employee working in Ciffa's illegal debt collection operation. According to witnesses, for a period of time in 2015 and 2016, Rodriguez was a manager overseeing Ciffa's debt collection scheme. On December 15, 2016, during the execution of a search warrant at 1625 Buffalo Avenue in Niagara Falls, NY, one of Ciffa's office locations, Rodriguez was interviewed by law enforcement officers. Rodriguez admitted to being a debt collection "point caller" and to using the alias "Heather Mitchell". I have also identified "Lisa Cummings" as an alias that Rodriguez used when contacting fraud victims.

62. In the course of this investigation, I have spoken with numerous victims who have been swindled out of money by Ciffa's operation. Several victims have provided me voice messages left for them threatening criminal charges and arrest. I have obtained voice messages

from targeted victims wherein a woman claiming to be “Heather Mitchell” and “Lisa Cummings” threaten the victims with a “2 part felony complaint” and “arrest”.

Carmelo Collana

63. As described earlier in this affidavit, Carmelo Collana provided Ciffa’s debt collection operation with access to his TLOxp account, which was used by Ciffa’s operation to research prospective fraud victims. Collana also opened limited liability corporations and other business entities at Ciffa’s behest, which were used by Ciffa for criminal purposes. Collana also opened bank accounts at Ciffa’s behest, which were used by Ciffa to receive bank-to-bank wires from victims.

64. Several recorded phone conversations between Ciffa and Collana were stored on Ciffa’s cell phone, and recovered during the search of that phone. In one recorded conversation, on April 6, 2014, Collana discussed with Ciffa the problems he had encountered opening bank accounts. Collana stated that, while attempting to open a bank account, a bank manager approached him. Collana stated that the bank manager asked him if he was opening and closing accounts all over town. The bank manager informed Collana that he had received “inquiries” from five (5) different banks in six (6) months. Collana denied to the bank manager that he had been opening accounts around town. Collana told Ciffa that the bank manager could not approve his account and that the bank manager would be forwarding the application to the “risk department”. Collana then told Ciffa, “So now, I don’t know how many other banks are doing that, but, they’re all fucking sharing information now, it’s just making it even harder for us... mother fuckers.” Collana told Ciffa he would go and try to open an account at

another bank. Ciffa responded, "Don't go to another bank. Um, what we need to do, the only way to handle this, we gotta open up another corporation... we can't keep using your name."

Collana responded, "Alright I'll start a corporation."

65. Collana created several corporations and opened several bank accounts that were used by Ciffa's operation to receive fraud victim payments. Four corporations created by Collana were Miranda Group Inc., Allymanda LLC, Samanda Partners and Credit Mediation Services Inc. On August 1, 2014, Collana opened a Lakeshore Savings Bank under the name Miranda Group Inc., with Collana as the sole signatory. Ciffa's debt collection operation used this Miranda Group Inc. bank account to process fraud victim payments via bank-to-bank wire transfers. Between January 2015 and October 2015 a total of \$659,000 flowed into this account. From this account, Ciffa received twelve (12) checks totaling \$97,688. Checks issued from this Collana account were also made payable for rent at Ciffa's office at 870 Ontario Street; to Seikosoft LLC for Ciffa's Simplicity debt collection software account; and to at least one of Ciffa's employees. As will be described below, Ciffa also directed Collana to withdraw cash from this account for delivery into Ciffa's possession. Based upon fraud victim complaints and suspicious banking activity, Lakeshore Savings Bank closed down this account in October 2015.

66. Upon closure of the Miranda Group Lakeshore Savings Bank account, Collana immediately opened another Miranda Group Inc. account at First Niagara Bank. The mailing address Collana used when opening this account was Post Office Box 97, Grand Island, NY 14072, which is a Post Office Box belonging to Joseph Ciffa. Ciffa fraud victim payments started flowing into this account via bank-to-bank wire transfers. Between October 2015 and

December 2015 a total of \$48,483.91 flowed into this account. A review of checks issued out of this account show that at least twelve (12) Ciffa employees were being issued payroll checks, and checks were made payable to the property manager for Ciffa's 870 Ontario Street office location.

67. Additionally, during the execution of a search warrant at Ciffa's office location at 870 Ontario St., victim pay sheets were discovered indicating that victim payments were being directed to bank accounts belonging to Carmelo Collana. A debt purchase contract dated July 14, 2014 was also discovered showing that Collana had purchased debt under the name "Miranda Group with offices at 870 ONTARIO ST..."

68. During examination of the cellular telephone seized from Erica Lounsberry, numerous texts between Lounsberry and Ciffa and Lounsberry and Collana were discovered. These text messages show the following: 1) That Lounsberry had the user name, passwords and bank cards to Collana's accounts; 2) That Lounsberry was monitoring the banking activity of Collana's accounts and reporting the bank activity to Ciffa; 3) That Ciffa was paying Collana for the use of Collana's bank accounts; and 4) That upon the closure of Collana's account, Ciffa directed Lounsberry to only accept debtor payments via MoneyGram, prepaid cards or wire transfers.

Debbie Seright

69. According to witnesses, Debbie Seright managed a group of employees at Ciffa's. Before coming to the 870 Ontario Street office location, Seright managed Ciffa employees at another business location using the name Miranda Group. The debt collection system used by

the employees overseen by Seright consisted of the same 3 step collection scheme and illegal tactics employed by Ciffa's other employees, who were managed by Eric Lounsberry and/or others. On December 15, 2016, during the search warrant executed at 870 Ontario Street, Debbie Seright's cellular telephone was seized. A review of the contents on Seright's phone revealed text messages between Seright and Ciffa, indicating that Ciffa had placed Seright in charge of the debt collection operation, apparently to make it appear as if he was not involved.

Those texts are as follows:

12/12/2016 Ciffa to Seright: "Get the troops ready for battle!!!!!"

12/12/2016 Ciffa to Seright: "No need to apologize. However you've gotta stop saying "he wants" and start saying "I want" I'm running this entire company and this is how I want it. Period."

12/13/2016 Seright to Ciffa: "Adriene and Christina came 7 min lates ??"

12/13/2016 Ciffa to Seright: "Ok? What would you do?"

12/13/2016 Ciffa to Seright: "If you're gonna use my name when you make these moves it defeating my purpose for having you run the show. I can have Erica still if my name needs to be used."

70. Other text messages discovered on Seright's phone between Seright and Ciffa show that Seright was forwarding Ciffa the weekly hours and bonuses for her subordinate employees for payroll purposes. In Ciffa's debt collection operation, bonuses are referred to as "docs". An employee receives a "doc" for each successful collection from a debtor. Below is a sampling of these texts:

12/12/2016 Seright to Ciffa: "Docs... Asia \$100 Shakayla \$125 Daja \$100 Diana \$75 Lexi \$125 Brandi \$100"

12/9/2016 Seright to Ciffa: Onasia 20.5 Toni 37 Fred 37 Ang 37 Diana 37
Sasha 37 Shakayla 37 Lexie 37 Ebony 22 Brandi 35 Daja 34.5 Asia 35 Jess 37
Jennie 29”

71. An analysis of bank records was conducted on the numerous bank accounts that were used by Ciffa to process fraud victim payments and to pay for expenses, including payroll, related to his debt collection operation. Bank records from 2013-2017 show that Seright received checks totaling \$436,433.82. A yearly breakdown of checks made payable to Seright is as follows:

2013 Total: \$4089.67
2014 Total: \$44,946.71
2015 Total: \$21,990.44
2016 Total: \$356,007.00
2017 Total: \$9400.00

Joseph Ciffa- Health care Fraud

72. Various publicly- funded health insurance plans are available to low-income individuals and their children in New York State and elsewhere. These plans include, among others, Medicaid, a health insurance program for low-income adults and children; and Family Health Plus, a health insurance program for lower-income adults who are not eligible for standard Medicaid ("Medicaid") because they have higher incomes than those eligible for Medicaid, but whose incomes are still below or near the federal poverty level, and who do not have private insurance. Family Health Plus, Medicaid, and other similar publicly-funded health insurance plans (collectively, "public health insurance") fall within what is commonly referred to as the Medicaid Program, a health care benefit program, as defined in Title 18, United States Code, Section 24(b).

73. While the Medicaid Program is largely federally-funded, it is administered by the states. The New York State Department of Health (the "NY DOH") administers the Medicaid Program in New York State. The U.S. Department of Health and Human Services provides more than \$1 billion annually to the NY DOH to fund and/or reimburse the costs of the Medicaid Program.

74. Local departments of social services within New York State process applications for health insurance plans falling within the Medicaid Program and monitor the provision of plans at the local level.

75. New York State offers potential applicants health insurance plans falling within the Medicaid Program the ability to sign up for such plans not only with a local department of social services, but also through what is known as the Facilitated Enrollment Program ("FEP"). Under the FEP, the NY DOH enters into contracts with companies or organizations offering health insurance plans, such as a managed care plan, which are funded through the Medicaid Program, but are administered and branded privately by the company or organization offering the plan (the "Plan Organization"). In order to qualify for such plans, an individual must meet certain requirements, just as the individual would were he or she applying directly through a local department of social services. These requirements include those regarding income, residence, and immigration status.

76. A Plan Organization employs individuals, generally referred to as "Facilitated Enrollers," whose job is to provide application assistance to individuals applying for health insurance plans funded through the Medicaid Program, including screening individuals, collecting required documentation, and certifying that original documentation of eligibility has been provided.

77. Once a Facilitated Enroller processes an application, it is transmitted to the Plan Organization, and then to the pertinent local department of social services for final approval, in this case, the Erie County Department of Social Service, in Buffalo, New York.

78. A Plan Organization receives money from NY DOH for administering a health insurance plan on an individual by individual basis, that is, the Plan Organization receives additional funds from NY DOH for each individual added to the Plan Organization's health insurance plan. In addition, the Plan Organization receives funds from NY DOH for certain health services utilized by members of the Plan Organization's plan.

79. Once an individual is approved by the local department of social services, the individual must renew his or her eligibility annually, certifying in writing that he or she continues to qualify.

80. On March 31, 2015, Joseph Ciffa provided information to the Erie County Department of Social Services in support for a recertification of Medicaid medical benefits for himself, his wife, his son, and his daughter. Joseph Ciffa claimed by attestation that his weekly income was \$450.00 and that his wife's weekly income was \$160.00. No income was claimed for Ciffa's two children. Based upon the information provided by Ciffa, the Erie County Department of Social Services determined that Joseph Ciffa, his wife, and their two children were eligible for Medicaid benefits.

81. As previously detailed in this affidavit, evidence discovered on Joseph Ciffa's computer pursuant to a search warrant indicated that Ciffa's total income for 2015 was \$1,284,951.04. Another spreadsheet discovered on Ciffa's computer detailed Ciffa's income for 2014. On this spreadsheet, Ciffa's total income is \$382,500. Also shown on this spreadsheet is an additional \$85,444.82 in "Poker Winnings." This level of income would have made Ciffa and his family members ineligible to receive the Medicaid medical benefits which they received.

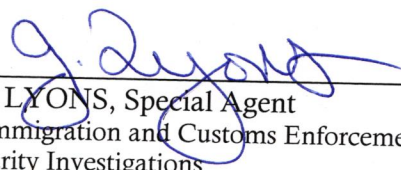
82. On about August 30, 2016, Joseph Ciffa submitted information to the Erie County Department of Social Services for a recertification of Medicaid coverage for his daughter. Information provided by Joseph Ciffa indicated that there was no income change from what had been claimed in 2015. Based upon the information provided by Ciffa, the Erie County Department of Social Services determined that Ciffa's daughter was eligible for Medicaid benefits.

83. As previously detailed in this affidavit, evidence discovered on Joseph Ciffa's computer pursuant to a search warrant indicated that Ciffa's total income for 2016 was even higher than his income for 2015. This level of income would have made his daughter ineligible for the benefits she received.

CONCLUSION

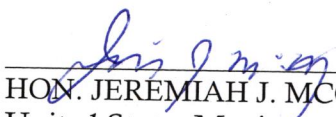
WHEREFORE, in consideration of the foregoing, I respectfully submit that there is probable cause to believe that on various dates, as set forth more specifically in this affidavit, all between in or about March 2015 and the present, in the Western District of New York and elsewhere, JOSEPH CIFFA, ERICA LOUNSBERRY, DEBBIE SERIGHT, DAMARIO TURPIN, CARMELO COLLANA, and SHAUNIQUE RODRIGUEZ, conspired to commit wire fraud, in that, having devised and intended to devise a scheme to defraud and to obtain money by means of false and fraudulent pretenses and representations, the defendants conspired to cause to be transmitted by means of wire communications in interstate commerce, writings, signs, and signals, for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1349; and that between in or about March 2015 and on or about August 30, 2016, JOSEPH CIFFA committed Health care fraud, in that he knowingly and willfully submitted false and fraudulent applications and information to the Erie County Social Services, seeking medical benefits for himself and his family from a health care benefit program. I respectfully request that a Criminal Complaint be issued for JOSEPH CIFFA, ERICA LOUNSBERRY, DEBBIE SERIGHT, DAMARIO

TURPIN, CARMELO COLLANA and SHAUNIQUEA RODRIGUEZ, and that an arrest warrant be issued for ERICA LOUNSBERRY.



JEFFREY M. LYONS, Special Agent
United States Immigration and Customs Enforcement
Homeland Security Investigations

Subscribed and sworn to before me
this 15TH day of June , 2017.



HON. JEREMIAH J. MCCARTHY
United States Magistrate Judge