



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore - IRS (313) 234-2410
Dawn Clenney - FBI (313) 237-4206

Jan 3, 2008

EVENT: Indictment

Defendant: Alan M. Ralsky et al

**ALAN RALSKY, TEN OTHERS, INDICTED IN
INTERNATIONAL ILLEGAL SPAMMING AND STOCK FRAUD SCHEME**

A federal grand jury Indictment was unsealed today in Detroit charging eleven persons, including Alan M. Ralsky, his son-in-law Scott K. Bradley, and Judy M. Devenow, of Michigan, and eight others, including a dual national of Canada and Hong Kong and individuals from Hong Kong, Canada, Russia, California, and Arizona, in a wide-ranging international fraud scheme involving the illegal use of bulk commercial e-mailing, or "spamming."

Charged in the 41-count Indictment are:

Alan M. Ralsky, 62, of West Bloomfield, Michigan
Scott K. Bradley, 46, of West Bloomfield, Michigan
Judy M. Devenow, 55, of Lansing, Michigan
John S. Bown, 47, of Poway, California

William C. Neil, 45, of Fresno, California

Anki K. Neil, 36, of Fresno, California

James E. Bragg, 39, of Queen Creek, Arizona

James E. Fite, 34, of Whittier, California

Peter Severa, age unknown, of Russia

How Wai John Hui, 49, of Vancouver, Canada and Hong Kong, China

Francis A. Tribble, of Los Angeles, California

Appearing in court for arraignment today were defendants Scott Bradley and Judy Devenow, who were arrested today. Defendant How Wai John Hui was arrested in the Eastern District of New York on January 2, 2008. The remaining defendants are being sought.

United States Attorney Stephen J. Murphy said, "Today's charges seek to knock out one of the largest illegal spamming and fraud operations in the country, an international scheme to make money by manipulating stock prices through illegal spam e-mail promotions. I commend the excellent investigative work of the FBI, Postal Inspection Service, and the IRS-Criminal Investigation Division. I also wish to recognize the significant support and expertise provided by the Computer Crime and Intellectual Property Section of the Criminal Division of the Department of Justice."

Andrew G. Arena, Special Agent in Charge, Federal Bureau of Investigation said, "Cyber crime investigations are a top priority of the FBI and we will continue to aggressively investigate those individuals who use and hide behind computers to commit various crimes."

Sandra L. Carter, Assistant Special Agent in Charge, Internal Revenue Service Criminal Investigation said, "In today's competitive international business world, there will always be a select few who illegally manipulate the system for their own profit," said Carter. "IRS CI will continue to diligently follow the money and assist in the seizure and forfeiture of any ill-gotten gains from their illegal business practices."

The charges arose after a three-year investigation, led by agents from the Federal Bureau of Investigation, with assistance from the U.S. Postal Inspection Service and the Internal Revenue Service, revealed a sophisticated and extensive spamming operation that, as

alleged in the indictment, promoted a stock “pump and dump” scheme, in which the defendants sent spam touting thinly traded Chinese penny stocks, drove up their stock price, and reaped profits by selling the stock at artificially inflated prices. According to the indictment, the defendants used various illegal methods in order to maximize the amount of spam that evaded spam- blocking devices and tricked recipients into opening, and acting on, the advertisements in the spam. These included using falsified “headers” in the email messages, using proxy computers to relay the spam, using falsely registered domain names to send the spam, as well as making misrepresentations in the advertising content of some of the underlying email messages.

The indictment also alleges that the defendants tried to send their spam by utilizing a cybercrime tool known as a “botnet,” which is a network of “robot” computers that have been infected with malicious software code that in turn would instruct the infected computers to send spam. The indictment charges that the defendants earned profits when recipients responded to the spam and purchased the touted products and services. According to the indictment, Hui’s primary role in the scheme was to act as a conduit for Chinese companies who wanted their stocks pumped by the scheme. Ultimately, investigators estimate that the Ralsky defendants earned approximately \$3 million during the summer of 2005 alone as a result of their illegal spamming activities.

During the course of their illegal spamming operation, the types of products and services that the defendants pitched evolved over time, as did the types of illegal spamming techniques they employed. The 41-count indictment covers three distinct, but interrelated, conspiracies to capture this evolution in their business practices. The indictment charges the defendants with the commission of several federal criminal offenses, including, Conspiracy, in violation of 18 U.S.C. § 371; Fraud in Connection with Electronic Mail (“CAN SPAM”), in violation of 18 U.S.C. § 1037; Computer Fraud, in violation of 18 U.S.C. § 1030; Mail Fraud, in violation of 18 U.S.C. § 1341; Wire Fraud, in violation of 18 U.S.C. § 1343; and Money Laundering, in violation of 18 U.S.C. §§ 1957 and 1956(h). The indictment includes criminal asset forfeiture counts and also charges one defendant with making false statements to law enforcement, in violation of 18 U.S.C. § 1001.

Ralsky is considered to be one of the most prolific spammers in the country. It has

been estimated that Ralsky's operations sent tens of millions of spam messages per day.

The case is being prosecuted by First Assistant United States Attorney Terrence Berg and Trial Attorneys Thomas Dukes and Mona Spivack of the Computer Crime and Intellectual Property Section of the Criminal Division of the Department of Justice in Washington, D.C.

A copy of the Indictment may be obtained from the U.S. Attorney's Office.