

# NEWS RELEASE

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*For Immediate Release*

**June 20, 2007**

## **INDICTMENT IN TELEMARKETING FRAUD SCHEME**

Randy G. Massey, Acting United States Attorney for the Southern District of Illinois, announced today that on June 20, 2007, **KYLE KIMOTO**, age 31, at the time a resident of St. George, Utah, and now residing in Las Vegas, Nevada, through his company, Assail, Inc., a Nevada Corporation whose principal place of business was St. George, Utah, and doing business with the public under the names of First Financial Solutions, First Choice Solutions, Advantage Capital, Capital First, Premier One, Bay Area Business Council and American Leisure Card, was indicted by a Federal Grand Jury sitting in East St. Louis, Illinois, in a 14 count indictment charging him with various offenses arising out of an alleged fraudulent telemarketing scheme. The indictment alleges that the scheme operated out of Utah and utilized a network of U.S. outbound call centers Kimoto organized in Utah, Kansas, Oregon, Idaho, Arizona, Virginia, Florida, Caribbean outbound call centers in Grenada, St. Lucia, St. Vincents; an outbound call center in Toronto, Canada, and outbound call centers in India. The indictment alleges that the scheme affected victims in 34 of the 38 counties comprising the Southern District of Illinois, and victimized over 300,000 consumers throughout the United States, in an amount of approximately \$43 million.

The indictment alleges that the defendant, and his co-conspirators, obtained lead lists of consumers who had applied for and had been turned down for credit cards. Utilizing these lists, a cold call was made to consumers by telemarketers. According to the indictment, the telemarketer would begin the conversation by telling the consumer that “our records indicate that within the past 12 months, you filed an application for a credit card and you are now eligible to receive your MasterCard.” implying that the caller was calling from the consumer’s financial institution. The telemarketer would then ask the consumer questions about her monthly income

“to verify that my records are still correct.” After the consumer provided the information, she would be put on hold “for computer authorization” after which the consumer would be told that she was to receive a “MasterCard.” The consumer was further told that the card would improve her credit rating, specifically through Equifax. After paying what was characterized as a “one time” processing fee of anywhere from \$159 to several hundred dollars, the consumers generally received a “benefits package.” Rather than containing a credit card as promised, the package contained an application for a stored value MasterCard, a form of debit card that had no credit line and which had to be “loaded” with funds before it could be used. For several of the programs sold by Kimoto, that application, the indictment alleges, had to be submitted with an *additional* fee of \$15.00 to receive a debit card which had no money loaded on the card.

The defendant is charged with one count of Conspiracy to Commit Mail Fraud, Wire Fraud and Money Laundering, in violation of Title 18, United States Code, Section 371, one count of Mail Fraud, in violation of Title 18, United States Code, Section 1341, and twelve counts of Wire Fraud, in violation of Title 18, United States Code, Section 1343. The violations took place from about January, 2001 through approximately October 25, 2002. If convicted of all charges, defendant could be sentenced to a term of imprisonment not to exceed 175 years, a fine of \$3,500,000 and five years supervised release.

*An indictment is a formal charge against a defendant. Under the law, a defendant is presumed to be innocent of a charge until proven guilty beyond a reasonable doubt to the satisfaction of a jury.*

The case was investigated by the U.S. Postal Inspection Service - St. Louis Division, and Internal Revenue Service Criminal Investigation in Reno, Nevada, with substantial assistance from the Federal Trade Commission in Chicago and Washington, DC. The case is assigned to Assistant U.S. Attorney Bruce E. Reppert.