



# Department of Justice

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## **Alan Ralsky, Ten Others, Indicted in International Illegal Spamming and Stock Fraud Scheme**

WASHINGTON - A federal grand jury indictment was unsealed today in Detroit charging 11 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 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, 52, 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

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 Jan. 2, 2008. The remaining defendants are being sought.

Assistant Attorney General Alice S. Fisher of the Criminal Division said, "The flood of illegal spam continues to wreak havoc on the online marketplace and has become a global criminal enterprise. It clogs consumers' email boxes with scams and unwanted messages and imposes significant costs on our society. This indictment reflects the commitment of the Department of Justice to prosecuting these spamming organizations wherever they may operate. I would like to thank the many prosecutors and agents for their extraordinary efforts leading up to the indictment."

U.S. 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."

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, largely focused on running a stock “pump and dump” scheme, whereby 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. 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 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, fraud in connection with electronic mail (CAN SPAM), computer fraud, mail fraud, wire fraud, and money laundering. It also charges the defendants with criminal asset forfeiture, as well as charging one defendant with making false statements to law enforcement.

The case is being prosecuted by First Assistant U.S. 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.

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