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CLERK US DISTRICT COURT DISTRICT OF NEVADA	
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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

UNITED STATES OF AMERICA,

Plaintiff,

vs.

KENNETH GILBERT GIBSON,

Defendant.

3:17-CR-0079-MMD-VPC

INDICTMENT FOR VIOLATIONS OF:

TITLE 18, UNITED STATES CODE,
SECTIONS 1343 – Wire Fraud (Counts 1
through 10)

TITLE 18, UNITED STATES CODE,
SECTIONS 1341 – Mail Fraud (Counts 11
through 13)

TITLE 18, UNITED STATES CODE,
SECTIONS 1344 – Bank Fraud (Counts 14
through 23)

TITLE 18, UNITED STATES CODE,
SECTIONS 1029(a)(2) – Access Device
Fraud (Counts 24 through 29)

TITLE 18, UNITED STATES CODE,
SECTIONS 1028A – Aggravated Identity
Theft (Counts 30 through 35)

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THE GRAND JURY CHARGES THAT:

Introductory Allegations

At all times relevant to this Indictment:

1. Between 2012 and 2017, Defendant KENNETH GILBERT GIBSON (“GIBSON”) obtained the identities of multiple individual victims and used those victim’s identities to open unauthorized online accounts, credit accounts and bank accounts to obtain money and property from various financial institutions and other business entities. In total, GIBSON opened over 8,000 fraudulent and fake accounts with online payment companies, credit card companies, and financial institutions using the victim’s stolen identities. Gibson then used those fraudulent and unauthorized accounts to transfer, deposit and send approximately \$3,500,000 in monies to himself via hard copy checks and through electronic transactions to approximately 500 bank accounts and pre-paid debit cards owned and under his control.

Overview of Defendant, Business Entities and Financial Institutions

2. GIBSON was a resident of Reno, Nevada.

3. PayPal, Inc. (“PayPal”) was an online payment company headquartered in San Jose, California. PayPal operated an online payment system, which allowed customers to make online money transfers to merchants and other individuals. Customers of PayPal could conduct a variety of online financial transactions – including, but not limited to, sending and receiving electronic payments, conducting online money transfers, and making electronic deposits to bank accounts linked to PayPal accounts. PayPal was accessible from anywhere in the world, including the State of Nevada, via the Internet using the PayPal website, mobile devices, online apps, and peer-to-peer online transactions. PayPal’s servers are located in Utah and Arizona.

4. In order to set up a “PayPal Payment Account,” the customer was required to access the PayPal website and electronically submit various items of personal information such as a name, an email address, phone number, and bank account information to be linked to the PayPal account.

1 5. PayPal also offered customers several credit related products. The two products
2 relevant to this Indictment were: 1) PayPal Smart Connect; and, 2) PayPal Mastercards. PayPal
4 Smart Connect was a line of credit that a user could obtain in order to make online purchases
5 through PayPal. PayPal Mastercards, on the other hand, were simply credit cards users could
6 apply for and use through PayPal or at any other retail location that accepted Mastercard. These
7 products were not administered by PayPal and will be collectively referred to herein as "PayPal
8 Credit Accounts."

9 6. Synchrony Bank was headquartered in Draper, Utah. Synchrony Bank
10 administered the PayPal SmartConnect and PayPal Mastercard credit products. Prior to 2014,
11 Synchrony Bank was known as "GE Capital Retail Bank." Synchrony Bank was a member of
12 the FDIC.

13 7. In order to obtain a PayPal Credit Account from Synchrony Bank, PayPal users
14 were required to fill out and electronically submit a separate credit application. These credit
15 applications required users to provide additional personal information, including birthdates and
16 social security numbers. Upon submitting an application, a credit check would be conducted to
17 determine the applicant's credit worthiness. Upon approval, the PayPal Credit Accounts would
18 be "linked" to the user's PayPal Payment Account and could be used to make electronic
19 payments, purchases and other electronic transfers.

20 8. Green Dot Bank was headquartered in Provo, Utah. Green Dot issued prepaid
21 Mastercard and Visa debit cards that could be purchased at various retail locations throughout
22 the United States. Unlike traditional debit or credit cards, there was no credit line or checking
23 account associated Green Dot's prepaid cards. Rather, after purchasing a card, the customer was
24 required to load money onto the card through a variety of ways including, but not limited to, the
25 electronic transfer or deposit of funds through PayPal accounts. Green Dot Bank could be
26 accessed anywhere in the world via the Internet using the Green Dot Bank website or mobile
27 app. Green Dot Bank was a member of the FDIC.

1 9. Plumas Bank was a full service bank whose headquarters were located in Quincy,
2 California. Plumas Bank was a member of the FDIC.

4 10. Wells Fargo Bank was a full service bank whose headquarters were located in
5 Sioux Falls, South Dakota. Wells Fargo Bank was a member of the FDIC.

6 **The Fraudulent Scheme**

7 11. Starting sometime in 2012, and continuing to at least 2017 and beyond, GIBSON
8 engaged in a scheme designed to fraudulently obtain monies and property from various financial
9 institutions using stolen identities and fraudulent access devices through the following manner
10 and means:

11 a. Starting in approximately 2012, and continuing through in or about 2017,
12 GIBSON created unauthorized and fraudulent PayPal Payment Accounts and PayPal Credit
13 Accounts using stolen identities from various victims, some of which resided in the State and
14 District of Nevada. GIBSON used these unauthorized and fraudulent PayPal Payment Accounts
15 and PayPal Credit Accounts to electronically transfer and deposit payments and monies into
16 bank accounts and prepaid credit and debit card accounts GIBSON owned and controlled.
17 GIBSON created two layers of PayPal accounts to facilitate this scheme.

18 b. First, GIBSON created an initial unauthorized and fraudulent PayPal
19 Payment Account using a victim's stolen identity. These accounts will be referred herein as "first
20 level accounts." When creating and opening the first level accounts, GIBSON used the true and
21 correct name of the victim but provided a false physical address, phone number, and fake email
22 account. GIBSON electronically submitted the information necessary to open and create the first
23 level accounts via PayPal's website using wire communications over the Internet.

24 c. After creating and opening a first level account, GIBSON applied for a
25 PayPal Credit Account using the same victim's name and stolen identity. In order to open a
26 PayPal Credit Account, GIBSON filled out a separate credit application and provided the
27 following true and correct information for the victim: (1) name; (2) birth date; and, (3) social
28

1 security number. After filling out the credit applications, GIBSON electronically submitted the
2 application to Synchrony Bank via a wire communication using the Internet.

4 d. Once a PayPal Credit Account was opened and electronically linked to
5 the first level account, GIBSON initiated online payments and electronic funds transfers from
6 the first level account to a second unauthorized and fraudulent PayPal Payment Account. These
7 second level accounts will be referred to as "pass through accounts." GIBSON opened and
8 created the pass through accounts using a separate victim's stolen identity. Like the first level
9 accounts, GIBSON used the true and correct name of the identity theft victim but provided false
10 physical address, phone number, and fake email account. GIBSON also electronically submitted
11 the information necessary to open and create the pass through accounts via PayPal's website
12 using wire communications over the Internet. In some instances, GIBSON also applied and
13 opened PayPal Credit Accounts that were linked to the pass through accounts.

14 e. After the pass through account received payments from several first level
15 accounts, GIBSON initiated the withdrawal of the funds from the pass through account to
16 himself. In some instances, GIBSON electronically deposited and transferred the funds from
17 the pass through accounts to various bank accounts owned and controlled by GIBSON.

18 f. In other instances, GIBSON requested PayPal issue a hard copy check in
19 the name of the pass through account holder and directed the hard copy check to be mailed, via
20 U.S. Mail, to addresses occupied and/or associated with GIBSON in Reno, Nevada. After PayPal
21 mailed the checks, GIBSON fraudulently endorsed the back of the checks and deposited the
22 funds into bank accounts that he owned and controlled.

23 g. Finally, in other instances, GIBSON purchased Green Dot prepaid credit
24 and debit cards from various retail locations, primarily in Reno, Nevada. After purchasing the
25 Green Dot prepaid credit and debit cards, GIBSON registered the cards using the stolen identities
26 of various victims. When registering the cards, GIBSON used the true and correct names,
27 birthdates, and social security numbers of the victims but provided false information for the
28 physical address, phone number and email address. After a card was registered, GIBSON linked

the card to an unauthorized and fraudulent PayPal pass through account and initiated electronic transfers from the pass through account directly to the Green Dot card.

12. From in or about 2012, and continuing through in or about 2017, GIBSON opened and created approximately 8,000 unauthorized and fraudulent PayPal Payment Accounts and PayPal Credit Accounts using stolen identities of individual victims, some of which resided in the State of Nevada.

13. From in or about 2012, and continuing through in or about 2017, GIBSON caused approximately \$3,500,00 in monies from the unauthorized and fraudulent PayPal Payment Accounts and PayPal Credits Accounts to be deposited, withdrawn, transferred and sent either to himself, or to approximately 500 bank accounts and pre-paid debit cards owned and controlled by him.

Counts 1 through 10 – Wire Fraud

14. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

15. On or about the dates set forth below, within the State and District of Nevada and elsewhere, KENNETH GILBERT GIBSON, defendant herein, did knowingly and intentionally devise a scheme and artifice to defraud PayPal and the financial institutions identified herein, as set forth below, and for obtaining money and property from them, by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did cause writings, signals, pictures and sounds to be transmitted by means of wire communication in interstate and foreign commerce, as set forth below:

Count	On or About Date	Description of Wire Communications
1	1/22/2013	Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of M.R. via PayPal website
2	3/5/2013	Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of B.B. via PayPal website

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|----|----|-----------|--|
| 1 | 3 | 3/7/2013 | Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of T.D. via PayPal website |
| 2 | | | |
| 4 | 4 | 4/24/2013 | Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of A.B.1 via PayPal website |
| 5 | | | |
| 6 | 5 | 11/5/2014 | Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of D.N. via PayPal website |
| 7 | | | |
| 8 | 6 | 12/8/2014 | Electronically wired information to open unauthorized and fraudulent PayPal Payment Account using identity of A.B.2 via PayPal website |
| 9 | | | |
| 10 | 7 | 1/5/2015 | Electronic Transfer of \$482.87 from PayPal SmartConnect Account ending in x6378 in the name of R.P. to PayPal Payment account in the name of D.N. |
| 11 | | | |
| 12 | 8 | 5/22/2015 | Electronic transfer of \$967.00 from PayPal Mastercard ending in x0264 in the name of T.D. to PayPal Payment Account in the name of A.B.2 |
| 13 | | | |
| 14 | 9 | 4/10/2016 | Electronic transfer of \$968.88 from PayPal Mastercard ending in x0596 in the name of B.B. to PayPal Payment Account in the name of M.R. |
| 15 | | | |
| 16 | 10 | 9/29/2016 | Electronic transfer of \$880.00 from PayPal Payment Account in the name of M.R. to Defendant's Plumas Bank Account ending in x0067 |
| 17 | | | |

18 All in violation of Title 18, United States Code section, 1343.

19 **Counts 11 through 13 - Mail Fraud**

20 16. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

21 17. On or about the dates set forth below, within the State and District of Nevada and
 22 elsewhere, KENNETH GILBERT GIBSON, defendant herein, did knowingly and intentionally
 23 devise a scheme and artifice to defraud PayPal and the financial institutions identified herein,
 24 and for obtaining money and property from them, by means of materially false and fraudulent
 25 pretenses, representations and promises, and for the purpose of executing and attempting to
 26 execute such scheme and artifice, did place and cause to be placed in mail matters and things, to
 27 wit: fraudulent checks, as set forth below:

Count	On or About Date	From/Location	To/Location	Use of Mail/Item Mailed
11	9/17/2015	Omaha, Nebraska	Reno, Nevada	Check issued by PayPal in the amount of \$3,971.50 made payable to F.K.
12	4/11/2016	Omaha, Nebraska	Reno, Nevada	Check issued by PayPal in the amount of \$3,993.50 made payable to M.S.
13	5/31/2016	Omaha, Nebraska	Reno, Nevada	Check issued by PayPal in the amount of \$2,215.50 made payable to E.H.

All in violation of Title 18, United States Code, section 1341.

Counts 14 through 23 – Bank Fraud

18. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

19. On or about the dates listed below, in the District of Nevada and elsewhere, KENNETH GILBERT GIBSON, defendant herein, did devise a scheme and artifice to defraud, federally insured institutions, as described below, as to a material matter, and a scheme and artifice to obtain money, funds, and other property owned by and under the custody and control of federally insured financial institutions, as described below, by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts, as described in Paragraph 11 above, committed and willfully caused others to commit the following acts, each of which constituted an execution of, or an attempt to execute, the fraudulent scheme:

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Count	On or about Date	Financial Institution	Execution of Scheme
14	9/6/2014	Green Dot Bank	Activated Green Dot Prepaid account ending in x5331 using identity of M.R.
15	11/5/2014	Green Dot Bank	Activated Green Dot Prepaid account ending in x8454 using identity of D.N
16	12/8/2014	Green Dot Bank	Activated Green Dot Prepaid account ending in x6894 using identity of A.B.2
17	12/23/2014	Synchrony Bank	Opened PayPal Mastercard account ending in x5283 using identity of A.B.1
18	1/7/2015	Green Dot Bank	Activated Green Dot Prepaid account ending in x1743 using identity of D.N
19	1/27/2015	Green Dot Bank	Activated Green Dot Prepaid account ending in x7035 using identity of A.B.2
20	3/19/2015	Green Dot Bank	Activated Green Dot Prepaid account ending in x8558 using identity of D.N.
21	5/14/2015	Synchrony Bank	Opened PayPal Mastercard account ending in x0264 using identity of T.D.
22	9/22/2015	Wells Fargo Bank	Deposited Check No. 13465908, in the amount of \$3,971.50, made payable to F.K. with a forged and falsified endorsement into Defendant's Wells Fargo Bank Account ending in x2270
23	3/31/2016	Synchrony Bank	Opened PayPal Mastercard account ending in x0596 using identity of B.B.

All in violation of Title 18, United States Code, section 1344.

Counts 24 through 29 - Access Device Fraud

20. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

21. On or about the dates listed below, in the District of Nevada and elsewhere, KENNETH GILBERT GIBSON, defendant herein, knowingly and with the intent to defraud, used one or more unauthorized access devices, as specifically described below, and by such conduct obtained cash, goods, and merchandise with an aggregate value of \$1000 or more during a one-year period, said conduct affecting interstate and foreign commerce in that unauthorized access devices were issued by financial institutions headquartered outside the State of Nevada

and used or attempted to be used at locations within and outside the State of Nevada, as set forth below:

Count	On or about Start Date	On or about End Date	Victim	Unauthorized Access Device	Approximate Amount of Transactions
24	9/6/2014	6/16/2015	M.R.	Green Dot Prepaid account Ending in x5331	\$3,800.00
25	11/5/2014	3/16/2015	D.N.	Green Dot Prepaid account ending in x8454	\$3,400.00
26	12/8/2014	4/20/2015	A.B.2	Green Dot Prepaid account ending in x6894	\$4,200.00
27	1/7/2015	6/17/2015	D.N.	Green Dot Prepaid account ending in x1743	\$4,900.00
28	1/27/2015	12/7/2015	A.B.2	Green Dot Prepaid account ending in x7035	\$7,300.00
29	3/19/2015	12/1/2015	D.N.	Green Dot Prepaid Card ending in x8558	\$7,100.00

All in violation of Title 18, United States Code, section 1029(a)(2).

Counts 30 through 35 – Aggravated Identity Theft

22. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

23. On or about the dates set for below, in the District of Nevada and elsewhere, KENNETH GILBERT GIBSON, defendant herein, did knowingly transfer, possess, and use a means of identification of another person, as described below; during, and in relation to, a specified felony, as set forth below:

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Count	Starting on or about	Continuing through on or about	Victim	Means Of ID	Felony Offenses
30	1/22/2013	2/23/2017	M.R.	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 1 Bank Fraud, 18 U.S.C. § 1344 Count 14 Access Device Fraud, 18 U.S.C. § 1028(a)(2) Count 24
31	3/5/2013	7/31/2017	B.B.	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 2 Bank Fraud, 18 U.S.C. § 1344 Count 23
32	3/7/2013	12/20/2016	T.D.	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 3 Bank Fraud, 18 U.S.C. § 1344 Count 21
33	4/24/2013	9/24/2016	A.B.1	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 4 Bank Fraud, 18 U.S.C. § 1344 Count 17
34	11/5/2014	7/31/2017	D.N.	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 5 Bank Fraud, 18 U.S.C. § 1344 Counts 15, 18, 20 Access Device Fraud, 18 U.S.C. § 1028(a)(2), Counts 25, 27, 29
35	12/8/2014	12/7/2015	A.B.2	Name, Date of Birth, and Social Security Number	Wire Fraud, 18 U.S.C. § 1343 Count 6 Bank Fraud, 18 U.S.C. § 1344 Count 16, 19 Access Device Fraud, 18 U.S.C. § 1029(a)(2) Counts 26, 28

All in violation of Title 18, United States Code, Sections 1028A(a)(1) and (c)(1).

Forfeiture Allegation –

Wire Fraud, Mail Fraud, Bank Fraud and Access Device Fraud

24. The allegations contained in Counts 1 through 29 of this Indictment are hereby re-alleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c).

25. Upon conviction of any of the felony offenses charged in Counts 1 through 29 of this Indictment, KENNETH GILBERT GIBSON, defendant herein, shall forfeit to the United States of America, any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1029 and 1344, and Title 18, United States Code, Sections 1341 and 1343, specified unlawful activities as defined in Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1)(B), or a conspiracy to commit such offenses, an in personam criminal forfeiture money judgment including, but not limited to, at least \$3,500,000, including:

- (a) 1962 Porsche Coupe, Bearing License Plate No. 62C299;
- (b) All funds contained within or transmitted through the Merrill Lynch Bank Account held in the name of Kenneth Gibson.
- (c) All contained within or transmitted through from Scott Trade Account No. 34890888; and,
- (d) All contained within or transmitted through from Edward Jones Account held in the name of Kenneth Gibson.

(all of which constitutes property). All pursuant to Title 18, United States Code, Section 981(a)(1)(C) with Title 28, United States Code, Section 2461(c); and Title 18, United States Code, Sections 1029, 1341, 1343, and 1344.

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Forfeiture Allegation Two –

Wire Fraud, Mail Fraud and Bank Fraud

26. The allegations contained in Counts 1 through 23 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(2)(A).

27. Upon conviction of any of the felony offenses charged in Counts 1 through 24 of this Indictment, KENNETH GILBERT GIBSON, defendant herein, shall forfeit to the United States of America, property, real or personal, constituting or derived from proceeds obtained, directly or indirectly, as the result of the commission of Title 18, United States Code, Sections 1341, 1343 and 1344, an in personam criminal forfeiture money judgment including, but not limited to, at least \$3,500,000, including:

- (a) 1962 Porsche Coupe, Bearing License Plate No. 62C299;
- (b) All contained within or transmitted through from Merrill Lynch Bank Account held in the name of Kenneth Gibson.
- (c) All contained within or transmitted through from Scott Trade Account No. 34890888; and,
- (d) All contained within or transmitted through from Edward Jones Account held in the name of Kenneth Gibson.

(all of which constitutes property). All pursuant to Title 18, United States Code, Section 982(a)(2)(A); and Title 18, United States Code, Sections 1341, 1343 and 1344.

Forfeiture Allegation Three –

Access Device Fraud

28. The allegations contained in Counts 24 through 29 of this Indictment are hereby realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(2)(B).

29. Upon conviction of any of the felony offenses charged in Counts 24 through 29 of this Indictment, KENNETH GILBERT GIBSON, defendant herein, shall forfeit to the United

1 States of America, property, real or personal, that constitutes or is derived, directly or indirectly,
2 from proceeds traceable to the commission of Title 18, United States Code, Sections 1029, an in
4 personam criminal forfeiture money judgment including, but not limited to, at least \$30,700,
5 including:

- 6 (a) 1962 Porsche Coupe, Bearing License Plate No. 62C299;
- 7 (b) All contained within or transmitted through from Merrill Lynch Bank
8 Account held in the name of Kenneth Gibson.
- 9 (c) All contained within or transmitted through from Scott Trade Account
10 No. 34890888; and,
- 11 (d) All contained within or transmitted through from Edward Jones Account
12 held in the name of Kenneth Gibson.

13 (all of which constitutes property). All pursuant to Title 18, United States Code, Section
14 982(a)(2)(B); and Title 18, United States Code, Sections 1029.

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16 DATED this 12th day of September, 2017

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18 A TRUE BILL:

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21 FOREPERSON OF THE GRAND JURY

22 STEVEN W. MYHRE
23 Acting United States Attorney

24 
25 CARLA B. HIGGINBOTHAM
26 Assistant United States Attorney