

ORIGINAL

FILED IN OPEN COURT
U.S.D.C. Atlanta

MAR 20 2018

James N. Hunter, Clerk
By: *[Signature]*
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA

v.

CHARLES BLACKMAN, AKA
RALPH JONES;
QUINTON WILLIAMS;
STEPHANIE PRICE, AKA
RHONDA JOHNSON; AND
JOSEPH PAYNE

Criminal Indictment

N^o **1 18 - CR - 84**

THE GRAND JURY CHARGES THAT:

COUNT ONE
(Conspiracy to Commit Wire Fraud)
18 U.S.C. § 1349

1. Beginning on a date unknown, but from at least in or about January 2016 through the present, in the Northern District of Georgia and elsewhere, the defendants; CHARLES BLACKMAN (AKA RALPH JONES); QUINTON WILLIAMS; STEPHANIE PRICE (AKA RHONDA JOHNSON); AND JOSEPH PAYNE, did knowingly and intentionally combine, conspire, confederate, agree and have a tacit understanding with each other and others known and unknown to the Grand Jury to knowingly devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to cause to be transmitted, by wire communication in interstate commerce, certain signs, signals, and sounds, for the purpose of executing said scheme and artifice, in violation of Title 18, United States Code, Section 1343.

BACKGROUND

2. At all times relevant to this indictment:

- a. The Home Depot, Inc. ("Home Depot"), was a corporation based in Atlanta, Georgia, which operated home improvement retail stores in all 50 states.
- b. Home Depot's policy for issuing refunds on items that were returned without a receipt required the customer to submit a driver's license or other Government-issued identification document in order to receive a "refund credit" card, similar to a gift card, in the amount of the refund. The refund credit card could be used to purchase merchandise at any Home Depot retail store, but only by the named person associated with the card.
- c. The Home Depot store employee who processed the refund request entered the relevant information from the customer's Government identification document (including the unique number on the document) and the information regarding the refund amount into a register-computer at the store location. The information was electronically transmitted to the Home Depot Data Center in Austin, Texas. Authorization for issuance of the refund credit was then electronically transmitted from the Austin Data Center back to the Home Depot store location, resulting in the issuance of the refund credit card. Real time back-up of refund information was electronically transmitted from the Austin Data Center to Home Depot servers in Atlanta, Georgia. Verification was then electronically transmitted from Home Depot in Atlanta to the Austin Data Center.
- d. Each Home Depot refund credit card was assigned a unique number that was not recycled for use on other refund credit cards. These cards were non-transferrable. When the refund credit card was used to pay for

merchandise, the card number was tracked and recorded at the point of sale for the life of the card, as was the Government identification documentation of the person presenting the card.

- e. When a Home Depot refund credit card was used to make a purchase at a store location, the bar code on the refund credit card was scanned at the register-computer, resulting in an electronic transmission of the information regarding the purchase amount and the dollar amount on the refund credit card to the Home Depot Data Center in Austin, Texas. Authorization for a debit from the refund credit card to be applied to the purchase amount was then electronically transmitted from the Austin Data Center back to the Home Depot store location. Real time back-up of the refund card debit/purchase information was electronically transmitted from the Austin Data Center to Home Depot servers in Atlanta, Georgia. Verification was then electronically transmitted from Home Depot in Atlanta, to the Austin Data Center.
- f. Home Depot's refund system used an internal "decisioning model" to assist in minimizing fraudulent refunds. For example, the system would not authorize a refund to a customer who attempted to return an item without a receipt if the same Government identification document had been used for a prior return of the same item without a receipt. In addition, the system would not authorize a refund to a customer whose Government identification document had been used for multiple refunds without a receipt. Indeed, the person using the refund credit card must present the same Government identification document associated with the card to use it.

- g. Merchandise available for sale in Home Depot stores was marked with a Universal Product Code (“UPC”) bar code label. When an item was purchased, the UPC label was scanned at the sales terminal, revealing the price of the item. The receipt, which was generated for the sales transaction, contained a unique receipt number, the date and time of the sale, the store number, and the sales terminal number.

MANNER AND MEANS

3. It was a part of the conspiracy and the scheme and artifice to defraud that:
 - a. During the course of the scheme, defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others entered Home Depot Stores in a number of states, including Georgia, Florida, and North and South Carolina and selected items for purchase.
 - b. Prior to purchasing the items, defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others obtained fraudulent Government identification documents, using false names, ID data and manufactured identification documents to be used as part of their scheme.
 - c. Defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others then either covered the UPC labels on high-priced merchandise with UPC labels that they removed from lower-priced merchandise or used lower-priced UPC labels they had fraudulently created themselves to place on the higher priced merchandise, a practice known as “ticket switching.”
 - d. Defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others then took the “ticket-switched” merchandise to a sales terminal, where they purchased it for the lower price.

- e. After fraudulently purchasing the merchandise and departing the store, defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others removed the lower-price UPC label, revealing the original, higher-price UPC label that was hidden when the merchandise was scanned at the sales terminal.
- f. Defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others would then return the fraudulently purchased merchandise to another Home Depot location, claiming that they did not have the purchase receipt, in order to obtain refund credit cards in the amount of the actual, and higher, retail price of the merchandise.
- g. Defendants BLACKMAN, WILLIAMS, PRICE, PAYNE, and others used fraudulent driver's licenses with altered and/or fictitious identification numbers when they obtained refunds without receipts, to avoid detection, and to ensure that Home Depot would not refuse to authorize the refund.
- h. Alternatively, defendant BLACKMAN would act as a broker for legitimate buyers and receive a commission for purchasing items, while using the fraudulently obtained gift cards to purchase said items for these unsuspecting individuals.

All in violation of Title 18, United States Code, Section 1349.

**COUNTS TWO THROUGH SEVEN
(Wire Fraud)
18 U.S.C. § 1343**

4. The Grand Jury re-alleges and incorporates by reference the factual allegations from Paragraphs 2 through 3 of this Indictment, as if fully set forth herein.

5. On or about the dates set forth in Column B below, in the Northern District of Georgia and elsewhere, defendant BLACKMAN, aided and abetted by others

known and unknown to the Grand Jury, with the intent to defraud for the purpose of executing and attempting to execute the scheme and artifice to defraud described in Count One, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in the amounts listed in Column C below, caused to be transmitted in interstate commerce, by means of a wire communication, certain signals, signs, and sounds, that is, defendant BLACKMAN did knowingly cause the authorization and issuance, via wire transmissions, by The Home Depot, Inc. of refund cards for store credits bearing the number listed in Column D below, at the Home Depot store locations listed in Column E below:

COLUMN A Count	COLUMN B Date	COLUMN C refund credit\$	COLUMN D refund credit#	COLUMN E Store/Location
2	9/9/2017	\$891.24	179063462070	Brookwood (#6978)
3	9/5/2017	\$985.00	179061551277	N Fulton (#131)
4	8/31/2017	\$1022.21	179065426242	Duluth (#105)
5	8/20/2017	\$830.30	179013308877	Kennsaw N (#1777)
6	8/11/2017	\$1017.63	179028781398	Tucker (#175)
7	6/16/2017	\$237.44	179026447772	N Lilburn (#1775)

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

**COUNTS EIGHT THROUGH THIRTEEN
(Wire Fraud)
18 U.S.C. § 1343**

6. The Grand Jury re-alleges and incorporates by reference the factual allegations from Paragraphs 2 through 3 of this Indictment, as if fully set forth herein.

7. On or about the dates set forth in Column B below, in the Northern District of Georgia and elsewhere, defendants BLACKMAN and PRICE, aided and abetted by others known and unknown to the Grand Jury, with the intent to defraud for

the purpose of executing and attempting to execute the scheme and artifice to defraud described in Count One, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in the amounts listed in Column C below, caused to be transmitted in interstate commerce, by means of a wire communication, certain signals, signs, and sounds, that is, defendant BLACKMAN and PRICE did knowingly cause the authorization and issuance, via wire transmissions, by The Home Depot, Inc. of refund cards for store credits bearing the number listed in Column D below, at the Home Depot store locations listed in Column E below:

COLUMN A Count	COLUMN B Date	COLUMN C refund credit\$	COLUMN D refund credit#	COLUMN E Location/Store
8	9/14/2017	\$621.11	179018660766	Woodstock (#116)
9	9/9/2017	\$796.69	179002860919	Sandy Springs (#154)
10	8/28/2017	\$684.32	179061529115	Sandy Springs (#154)
11	8/20/2017	\$668.30	179026448229	N Lilburn (#1775)
12	7/25/2017	\$436.74	179008598717	Cumberland (#121)
13	7/25/2017	\$973.19	179017668085	Wages Drive (#117)

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

**COUNTS FOURTEEN THROUGH SIXTEEN
(Wire Fraud)
18 U.S.C. § 1343**

8. The Grand Jury re-alleges and incorporates by reference the factual allegations from Paragraphs 2 through 3 of this Indictment, as if fully set forth herein.

9. On or about the dates set forth in Column B below, in the Northern District of Georgia and elsewhere, defendants BLACKMAN and PAYNE, aided and abetted by others known and unknown to the Grand Jury, with the intent to defraud for the purpose of executing and attempting to execute the scheme and artifice to

defraud described in Count One, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in the amounts listed in Column C below, caused to be transmitted in interstate commerce, by means of a wire communication, certain signals, signs, and sounds, that is, defendant BLACKMAN and PAYNE did knowingly cause the authorization and issuance, via wire transmissions, by The Home Depot, Inc. of refund cards for store credits bearing the number listed in Column D below, at the Home Depot store locations listed in Column E below:

COLUMN A Count	COLUMN B Date	COLUMN C refund credit\$	COLUMN D refund credit#	COLUMN E Location/Store
14	9/13/2017	\$822.89	179065840759	Jonesboro (#1774)
15	9/6/2017	\$566.21	179009240230	Midtown (#159)
16	9/5/2017	\$984.50	179065369687	Tucker (#175)

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

FORFEITURE

10. As a result of committing one or more of the offenses alleged in Count One through Sixteen of this Indictment, the defendants BLACKMAN, WILLIAMS, PRICE, and PAYNE, shall forfeit to the United States pursuant to 18 U.S.C.

§ 981(a)(1)(C) and 28 U.S.C. § 2461 all property, real and personal, constituting or derived from proceeds traceable to the offenses, including but not limited to a personal money judgment in the amount of the value of the proceeds of said offenses.

11. If as a result of any act or omission of a defendant, any property subject to forfeiture:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;

- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty; the United States intends, pursuant 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of said defendant(s) up to the value of the forfeitable property.

A True BILL

FOREPERSON


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