



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Final Defendant Sentenced to 8 ½ Years in Federal Prison for His Role in a Credit Card Fraud Scheme

Fraud Scheme Used Well Known Financial Institutions to Fraudulently Obtain Credit

LOS ANGELES - A Bellflower man was sentenced this afternoon to 102 months in federal prison for his role in a credit card fraud scheme that used the names of real and fictitious individuals and business entities to obtain fraudulent credit cards used to make unauthorized withdrawals and purchases.

Clayton Stewart, aka "Douglas Blackburn," 47, was sentenced in the fraud scheme by United States District Judge Gary Allen Feess. In addition to the prison term, Judge Feess ordered Stewart to pay \$404,284.80 in restitution to the victim financial institutions.

Clayton Stewart pleaded guilty in November to one count each of bank fraud conspiracy, access device fraud, and money laundering conspiracy admitting that he, together with his brother Johnny Stewart, 51, of Marina Del Rey, and co-defendant Dexter Hardy, 47, of Los Angeles County, engaged in a scheme to defraud Bank of America, Chase Bank USA, and Capital One Bank of funds belonging to these financial institutions through the use of fraudulent credit card applications.

"We are committed to working with our law enforcement counterparts to protect our postal customers," said Randy Stokes, Acting Postal Inspector in Charge of the Los Angeles Division. "Bringing justice for postal customers who are victims of identity theft is part of the Postal Inspection Service enforcement mission."

According to documents filed with the court, Clayton Stewart and Johnny Stewart were involved in a conspiracy in which the defendants fraudulently applied online for unauthorized credit cards from the financial institutions. For many of the cards, Clayton Stewart and his brother made calls to the bank in the names of actual victims to inquire about the cards opened in the names of the business entities. Once Clayton Stewart and his brother received the credit cards, they used the credit cards to make unauthorized bank ATM withdrawals and purchases, including purchases of department store gift cards and Apple iPads. To get more money out of the scheme, Clayton Stewart and his brother created sham entities so that charges could be made with the fraudulent credit cards on merchant processors for the entities. The intended dollar loss associated with the scheme is \$652,050.00.

Jose A. Gonzalez, Special Agent in Charge of IRS Criminal Investigation's Los Angeles Field Office said, "These unscrupulous defendants thought they had figured out a clever scheme to steal identities and enrich themselves with their ill-gotten gains. IRS Criminal Investigation, along with our law enforcement partners and the United States Attorney's Office, remains vigilant in identifying, investigating and prosecuting those individuals who seek to willfully defraud financial institutions and blatantly disregard the victims of their scheme."

Johnny Stewart was convicted in November by a federal jury of 18 felony counts, including bank fraud, access device fraud, money laundering, and aggravated identity theft. He received a sentence of 144 months in federal prison. Dexter Hardy pleaded guilty in August of last year to one count of bank fraud conspiracy. He received a sentence of 33 months in federal prison.

In February 2008, Clayton Stewart was sentenced in U.S. District Court to 37 months in federal prison after pleading guilty to a similar access device fraud scheme. Clayton Stewart was released from federal custody on September 17, 2010. Search warrant records from the previous scheme uncovered letters from Johnny Stewart to Clayton Stewart on how to commit different types of fraud without being detected by law enforcement. In those letters, Johnny Stewart instructed Clayton Stewart how to conduct bank transactions on the home computer so that Clayton Stewart did not need to go to the bank and risk being detected.

This case is the product of an investigation by the U.S. Postal Inspection Service and IRS Criminal Investigation.

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