

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT **FILED**

1. My name is John Jackman. I am a Postal Inspector with the United States Postal Inspection Service. I have been employed by the United States Postal Inspection Service for approximately six years. I have been assigned to Dangerous Mailings Investigations for approximately five years. I have received advanced training by the U.S. Postal Inspection Service (USPIS) in the investigation of proceeds/payments being transported through the United States mails. I also rely upon the training and experience of other members of the U.S. Postal Inspection Service - St. Louis Division's Dangerous Mail Investigations Team. Beginning in April 2006 I began working as a member of the FBI's Joint Terrorism Task Force (JTTF). Prior to this time period, I was employed by the St. Louis County Police Department from September 1997 through December 2002.

2. The statements contained in this Affidavit are based upon my personal knowledge and my participation in this investigation, including witness interviews by myself and/or other law enforcement agents, communications with others who have personal knowledge of the events and circumstances described herein, and information gained through my training and experience. The information outlined below is provided for the limited purpose of establishing probable cause and does not contain all details or all facts of which I am aware relating to this investigation.

A. Structured Financial Transactions.

3. Based on my team members' training and experience, I have learned that the Postal Service, as a non-bank financial institution, is sometimes utilized by criminal organizations seeking to launder money by converting their illegally obtained currency into postal money

orders. I know that it is common for such organizations to “structure” their purchases to avoid the Postal Service’s Currency Transaction Report (“CTR”) requirement. Within the Postal Service, a single money order may have a face value of up to \$1,000. A customer may exchange any amount of currency for money orders, but combined cash purchases of \$3,000 or more require the customer to provide identification and complete a CTR documenting the transaction. Internal controls within the Postal Service’s accounting system require employees to complete the CTR before the transaction is completed and finalized. Therefore, criminal organizations will invariably purchase less than \$3,000 at a time, thereby making it unnecessary to complete a CTR and provide identification. Criminal organizations often “structure” their purchases by making purchases at multiple Post Offices or by having multiple individuals purchase money orders at a single Post Office and staggering the purchases among several clerks at various times throughout a single day.

4. On July 24, 2009, Eliyahu Barhanun, a.k.a. Eli Barhanun, a.k.a. Eli Barhanin, entered the United States Post Office for zip code 63141, located in Creve Coeur, Missouri. Postal employees at that location recognized him as a frequent customer who purchases money orders payable to Dependable Locks, Inc. Barhanun asked to purchase \$3,000 in USPS money orders. The postal clerk advised him that he could do so, but that he would have to fill out paperwork identifying himself as the purchaser of the money orders for the combined dollar amount purchased. Barhanun then asked to purchase \$2,999 in USPS money orders. He purchased the following orders from that location on that date:

- a. USPS money order 1731855828, in the amount of \$1,000.00;
- b. USPS money order 1731855829, in the amount of \$1,000.00; and

c. USPS money order 1731855830, in the amount of \$999.00.

5. These money orders were all made payable to El-Ad Group, which has been identified as a real estate business located in the Nation of Israel. The name of the payer/sender was Eli Barhanin. Barhanun was not required to fill out a CTR for these purchases.

6. On the same date, July 24, 2009, Barhanun purchased an additional \$2,999.00 in USPS money orders from the U.S. Post Office for the 63132 zip code, located in Olivette, Missouri. The following USPS money orders were purchased:

d. USPS money order 1731989905, in the amount of \$1,000.00;

e. USPS money order 1731989906, in the amount of \$1,000.00; and

f. USPS money order 1731989907, in the amount of \$999.00.

7. All of these money orders were also made payable to El-Ad Group. The name of the payer/sender was listed as Eli Barhanin. Barhanun was not required to fill out a CTR for these purchases.

B. Scheme Or Artifice To Defraud By Dependable Locks And Its Technicians.

8. The United States Postal Inspection Service and the Office of the Missouri Attorney General are conducting an investigation of an organization known as Dependable Locks, Inc., incorporated in New York and headquartered in Clearwater, Florida. Dependable Locks manages a national network of at least one hundred locksmith technicians, operating from major population centers across the United States, including St. Louis, Missouri, in the Eastern District of Missouri. It also maintains a full-time staff of telephone dispatchers, who operate from Clearwater, Florida. Twenty to thirty telephone dispatchers are on duty at any time, 24 hours per day. The dispatchers receive phone calls electronically forwarded from hundreds to thousands of

telephone numbers listed nationwide for emergency locksmith services, all of which forward consumer calls to the call center in Clearwater, Florida. The dispatchers receive the calls and dispatch locksmith technicians from the area of the call to respond to the call.

9. Consumer complaints filed by customers in the State of Missouri indicate a persistent pattern of fraudulent price quotation and overcharging by Dependable Locks locksmith technicians. In 37 of 64 consumer complaints relating to Dependable Locks filed in 2009 with the Missouri Attorney General's Office, the customer reported that he/she was quoted a certain price on the phone, and then was charged a significantly higher price by the responding locksmith technician at the scene.

10. Within the past seventeen days, I participated in the interviews of two cooperating witnesses regarding the business operations of Dependable Locks. These cooperating witnesses have also been interviewed by other investigators, and the cooperating witnesses' information has remained consistent. Both witnesses are former employees of Dependable Locks in Clearwater, Florida. They worked in multiple capacities at the business operations and call center, including as telephone dispatchers. Both were most recently employed at Dependable Locks within the past seven months. Both have provided highly detailed, first-hand knowledge of the operations of Dependable Locks. The information they provided is mutually consistent and corroborative.

11. Both witnesses stated that, when working as telephone dispatchers for Dependable Locks, they were instructed by managers to quote a price of \$54 for a car lockout, while the responding technician was instructed by managers to charge up to \$179 once services had been provided. The telephone dispatchers were instructed to misrepresent or understate the possibility

of additional charges above the price quoted. The market rate for a standard car lockout is typically about \$60. The locksmiths were instructed to charge significantly more than the price quoted, and significantly more than usual market rates. The consumer complaints filed by Missouri consumers corroborate both this pattern of overcharging, and the prices quoted and charged, as reported by the cooperating witnesses.

12. The cooperating witnesses stated that the large majority of locksmith technicians working for Dependable Locks are non-immigrant aliens from the Nation of Israel present in the country on visas that do not permit work as a locksmith technician. They provided a list of 43 names of current or former locksmith technicians. Agents of the Immigration and Customs Enforcement (ICE) conducted a check of ICE records and other investigative databases to verify the visa status of these individuals. Agents were able to find records of the citizenship, immigration, or naturalization status of 31 of 43 names provided by the witnesses. Of these 31 names, 22 individuals were Israeli nationals who entered the United States on visas that do not permit them to work as locksmiths, including 19 who entered on B2 non-immigrant visas. Eli Barhanun entered the United States on a B2 non-immigrant visa that did not permit work as a locksmith technician.

13. The cooperating witnesses stated that the locksmith technicians are allowed to split the profits of the fraudulently procured locksmith services with the company, typically 50/50 or 60/40, and that the technicians are required to remit the company's share of the proceeds by regularly purchasing and shipping money orders to the Dependable Locks location in Clearwater, Florida. Investigation of names of locksmith technicians operating in the Eastern District of Missouri provided by the cooperating witnesses, including Eli Barhanun, reveals that these

individuals have purchased numerous postal money orders payable to Dependable Locks, Inc., and mailed numerous Express Mail parcels to Dependable Locks, Inc., at 407 S. Arcturas, Clearwater, Florida. A non-exhaustive search of postal records has discovered that individuals identified by the cooperating witnesses as locksmith technicians for Dependable Locks have purchased, in the Eastern District of Missouri, at least 39 money orders payable to Dependable Locks or to individuals known to be associated with that business, between November 2008 and October 2009. These individuals have also shipped at least 32 Express Mail parcels to Dependable Locks at 407 S. Arcturas, Clearwater, Florida, often on the same day they purchased money orders. The search has identified, during the same time period, five such money orders purchased in the name of Eli Barhanin, and fourteen Express Mail parcels shipped to Dependable Locks that listed Eli Barhanin as the sender.

14. The cooperating witnesses stated that Dependable Locks technicians are trained and instructed by Dependable Locks managers to use coercive and intimidating techniques to ensure consumer payment, especially in the case of consumers who object to the fraudulent overcharge. In particular, they stated that technicians use techniques such as accusing the consumer who objects to the overcharge of “theft of services,” threatening to call the police, withholding the customer’s keys or driver’s license, or following the customer to an ATM machine to ensure payment. Again, consumer complaints in the State of Missouri corroborate the frequent use of such techniques to elicit payment from objecting consumers. In follow-up interviews with 16 consumers in the State of Missouri, seven consumers complained of the use of such techniques (including one on two occasions). These included reports that the Dependable Locks technician, in inducing the customer to pay the overcharged fee, had used belligerent, rude, and intimidating

language; had threatened to call the police; had threatened to withhold keys if not paid, or threatened to lock the keys back inside the house; had withheld the consumer's driver's license if not paid; and had insisted on following the consumer to an ATM unless paid.

15. Eliyahu Barhanun conspired and agreed with the managers of Dependable Locks, and others, to implement a scheme or artifice to defraud, namely to procure overcharges for locksmith services through fraudulent representations of price, and to cause to be used facilities of interstate commerce in furtherance of the scheme, including interstate phone calls with customers and Express Mail parcel delivery service. He conspired and agreed with these persons to engage in financial transactions, namely the purchase of postal money orders, with the intent to promote the carrying on of unlawful activity, namely mail and wire fraud.

C. Overt Acts In Furtherance of the Conspiracy To Defraud.

16. In furtherance of this conspiracy and scheme or artifice to defraud, Eliyahu Barhanun committed overt acts in the Eastern District of Missouri, including the following:

a. On or about December 24, 2008, in the Eastern District of Missouri, P.M. accidentally locked her car keys in her vehicle. She contacted a locksmith dispatcher to seek locksmith services. The telephone dispatcher quoted her a price of \$50 for locksmith services. Eliyahu Barhanun responded to P.M.'s location. P.M. later positively identified Barhanun as the responding locksmith from a photo array. Barhanun took P.M.'s driver's license and recorded the number. Barhanun opened P.M.'s car in a few moments. Barhanun removed the car keys from the car. He then demanded payment of \$234 for the services. P.M. protested that she had been quoted \$50 for the services. Barhanun withheld P.M.'s car keys to compel her to pay. P.M. paid Barhanun \$234 because she felt compelled to.

b. On or about February 24, 2009, in the Eastern District of Missouri, K.S. was locked out of her house. K.S. contacted Dependable Locks, Inc., by telephone to seek locksmith services. The telephone dispatcher for Dependable Locks told her that the price would be approximately \$39. Eliyahu Barhanun responded to K.S.'s location. K.S. later positively identified Barhanun as the responding locksmith from a photo array. Barhanun told K.S. that she would have to pay \$100 more than quoted. He told her that, because he had responded to her location, she would have to pay the higher price even if she hired another locksmith. K.S. agreed to pay the higher price because she believed she had no choice. Barhanun opened K.S.'s door by drilling out the lock. K.S. paid Barhanun \$135 by personal check.

c. On or about April 6, 2009, in the Eastern District of Missouri, N.G. contacted Dependable Locks, Inc., to seek locksmith services for a stuck car lock. The telephone dispatcher for Dependable Locks told N.G. that the price for services would be approximately \$50. Two locksmith technicians responded, including Eliyahu Barhanun. N.G. later positively identified Barhanun in a photo array. Barhanun asked for N.G.'s driver's license, which N.G. provided. The other locksmith opened the car by spraying deicer on the lock. Barhanun then demanded from N.G. \$179 for the services. N.G. disputed the amount, stating that the price quoted on the phone had been \$50. Barhanun and the other locksmith told N.G. that they would withhold his driver's license until he paid. They also threatened to call the police if he would not pay. They followed N.G. to an ATM in order to procure payment.

17. In furtherance of this conspiracy and scheme and artifice to defraud, Eliyahu Barhanun caused certain Express Mail parcels to be shipped in interstate commerce, from St. Louis, Missouri, to Clearwater, Florida, including:

- a. On or about April 6, 2009, Express Mail parcel number EH791242119US, to Dependable Locks, Inc., 407 S. Arcturas, Clearwater, Florida 33765;
- b. On or about April 15, 2009, Express Mail parcel number EH523696910US, to Dependable Locks, Inc., 407 S. Arcturas, Clearwater, Florida 33765;
- c. On or about July 7, 2009, Express Mail parcel number EH523682310US, to Dependable Locks, Inc., 407 S. Arcturas, Clearwater, Florida 33765;
- d. On or about July 21, 2009, Express Mail parcel number EH523685934US, to Dependable Locks, Inc., 407 S. Arcturas, Clearwater, Florida 33765; and
- e. On or about October 21, 2009, Express Mail parcel number EG193326813US, to Dependable Locks, Inc., 407 S. Arcturas, Clearwater, Florida 33765.

18. In furtherance of the conspiracy and scheme or artifice to defraud, and with the intent to promote specified unlawful activity, namely mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343, Eliyahu Barhanun engaged in financial transactions, including:

- a. On or about April 6, 2009, the purchase of USPS money order number 1690268649, in the amount of \$1,000, payable to Dependable Locks, 407 S. Arcturas Ave.;
- b. On or about April 6, 2009, the purchase of USPS money order number 1690268652, in the amount of \$1,000, payable to Dependable Locks, Inc., 407 S. Arcturas Ave., Clearwater, Florida;
- c. On or about April 15, 2009, the purchase of USPS money order number 1690099480, in the amount of \$1,000, payable to Dependable Locks, Inc., 407 S. Arcturas Ave., Clearwater, Florida;
- d. On or about April 27, 2009, the purchase of USPS money order number

1690099275, in the amount of \$1,000, payable to Dependable Locks, Inc., 407 S. Arcturas Ave., Clearwater, Florida; and

e. On or about April 27, 2009, the purchase of USPS money order number 1690099276, in the amount of \$504, payable to Dependable Locks, Inc., 407 S. Arcturas Ave., Clearwater, Florida.

19. On the basis of the foregoing facts, I have probable cause to believe the Eliyahu Barhanun, a.k.a. Eli Barhanun, a.k.a. Eli Barhanin, has committed felony violations of federal law, including structuring financial transactions to avoid federal reporting requirements, in violation of 31 U.S.C. § 5324; and conspiracy with others known and unknown to commit mail fraud, wire fraud, and money laundering, in violation of 18 U.S.C. §§ 1341, 1343, and 1956, all in violation of 18 U.S.C. § 371.