



U.S. Department of Justice



United States Attorney
District of Maryland

Rod J. Rosenstein
United States Attorney

36 South Charles Street
Fourth Floor
Baltimore, Maryland 21201

410-209-4800
TTY/TDD: 410-962-4462

Vickie E. LeDuc
Public Information Officer

410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov

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Contact AUSA VICKIE E. LEDUC or
MARCIA MURPHY at (410) 209-4885

FOUR ARMY NATIONAL GUARDSMEN INDICTED IN TWO FRAUD SCHEMES

Allegedly Used Cards Re-encoded with Stolen Credit/Debit Card Numbers to Buy Merchandise at Army and Air Force Exchange Service Stores and Elsewhere

Greenbelt, Maryland – Three guardsmen from the District of Columbia Army National Guard were indicted on charges arising from a scheme to use Bitcoin to buy stolen credit and debit card numbers from foreign websites, re-encode cards issued in their names with those stolen numbers, and then fraudulently purchase items at Army and Air Force Exchange Service (AAFES) stores on military bases and elsewhere for use and resale (Shelton Stewart Indictment):

Derrick K. Shelton, II, age 28, of Washington, D.C.,
James C. Stewart, III, (J. Stewart) age 25, of District Heights, Maryland; and
Quentin T. Stewart, age 28, of Parkville, Maryland.

A fourth national guardsman, Vincent Anthony Grant, age 27, of Laurel, Maryland was also indicted in a separate case involving a similar fraud scheme (Grant Indictment). The indictments were returned on May 9, 2016 and unsealed last Friday, May 20, 2016 following the arrests of the defendants.

The indictments were announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service - Mid-Atlantic Field Office (DCIS); and Special Agent in Charge Kevin Perkins of the Federal Bureau of Investigation, Baltimore Field Office.

Shelton, J. Stewart and Grant were specialists, and Q. Stewart was a former sergeant, all in the District of Columbia Army National Guard.

“Bitcoin” is a digital currency that operates through an online, decentralized ledger system. Bitcoin is not issued by any government, bank, or company, but rather is generated and controlled through computer software operating through a decentralized network. Bitcoin can be exchanged for other currencies, products, or services.

The Shelton Stewart Indictment alleges that from July 2014 to May 2015, Shelton, J. Stewart and Q. Stewart, along with co-conspirator Jamal Moody and others, used Bitcoin to purchase stolen credit and debit card numbers of individuals and businesses from foreign internet websites. They selected and purchased stolen credit and debit card numbers of individuals and businesses holding federal credit union accounts, and those with billing addresses in or near Maryland. They bought magnetic strip card-encoding devices and software to re-encode credit, debit and other cards with the stolen credit and

debit card numbers.

According to the Shelton Stewart Indictment, the defendants used the cards they fraudulently re-encoded to buy merchandise, including gift cards, electronic items, and luxury goods, from AAFES stores on U.S. military bases, and other locations in Maryland and elsewhere. They used the merchandise themselves or resold the merchandise.

The Grant Indictment alleges that from July 2014 to April 2015, Grant, along with co-conspirator Moody and others, engaged in a scheme similar to the one described above.

Shelton, J. Stewart and Q. Stewart face a maximum sentence of 20 years in prison for conspiring to commit wire fraud, and wire fraud. Grant faces a maximum sentence of seven and half in prison for conspiring to commit access device fraud. All four defendants also face a mandatory minimum of two years in prison for aggravated identity theft, consecutive to any other sentence imposed. The defendants had their initial appearances last week and were released under pretrial supervision, except for Quentin Stewart who is scheduled to have a detention hearing tomorrow, May 24, 2016, at noon before U.S. Magistrate Judge Charles B. Day in U.S. District Court in Greenbelt.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

In a separate proceeding, Jamal Alexander Moody, age 28, of Oxon Hill, Maryland, and Waynesboro, Pennsylvania, who was also a specialist in the District of Columbia Army National Guard, pleaded guilty to conspiring to commit access device fraud and aggravated identity theft. Moody admitted that from July 2014 to April 2015, he purchased a magnetic-strip card-encoding device which he used to re-encode credit and debit cards issued in his name with more than 100 stolen credit and debit card numbers of other individuals that he purchased through Bitcoin transactions. Moody used the fraudulently re-encoded cards to purchase – often from AAFES stores - gift cards or electronic and luxury goods for resale. Moody is awaiting sentencing.

The Maryland Identity Theft Working Group has been working since 2006 to foster cooperation among local, state, federal, and institutional fraud investigators and to promote effective prosecution of identity theft schemes by both state and federal prosecutors. This case, as well as other cases brought by members of the Working Group, demonstrates the commitment of law enforcement agencies to work with financial institutions and businesses to address identity fraud, identify those who compromise personal identity information, and protect citizens from identity theft.

Today's announcement is part of the efforts undertaken in connection with the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit www.StopFraud.gov.

United States Attorney Rod J. Rosenstein commended the DCIS and FBI for their work in the investigation. Mr. Rosenstein thanked Special Assistant U.S. Attorney Gustav William Eyler, of the U.S. Justice Department, Criminal Division - Fraud Section, and Assistant U.S. Attorney Thomas P. Windom, who are prosecuting the case.