

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Sanctions Individuals and Entities as Members of the Pacnet Group

9/22/2016

Action Targets Significant Transnational Criminal Organization Laundering Millions in Illicit Funds Worldwide

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated the PacNet Group (“PacNet”) as a significant transnational criminal organization (TCO) pursuant to Executive Order (E.O.) 13581, “Blocking Property of Transnational Criminal Organizations.” PacNet, an international payments processor and money services business, has a lengthy history of money laundering by knowingly processing payments on behalf of a wide range of mail fraud schemes that target victims in the United States and throughout the world. PacNet is the seventh TCO targeted under E.O. 13581.

As part of today’s action, OFAC is also designating a global network of 12 individuals and 24 entities across 18 countries. Specifically, these individuals and entities are being targeted for materially assisting, sponsoring, or providing financial, material, or technological support for, or goods or services to or in support of, PacNet, or for being owned or controlled by other persons being designated as part of this action. As a result of today’s action, all property and interests in property of the designated persons subject to U.S. jurisdiction are blocked, and U.S. persons are prohibited from engaging in transactions with them.

“PacNet has knowingly facilitated the fraudulent activities of its customers for many years, and today’s designations are aimed at shielding Americans and the nation’s financial system from the large-scale, illicit money flows that are generated by these scams against vulnerable individuals,” said John E. Smith, OFAC Acting Director. “Treasury will continue to use its authorities to respond to the evolving nature of transnational organized crime.”

OFAC closely coordinated today’s action with the Consumer Protection Branch of the U.S. Department of Justice and the U.S. Postal Inspection Service. As part of its own efforts against mail fraud, the Department of Justice will also be announcing criminal actions; executing search warrants in several U.S. locations; filing civil injunctions against multiple mail fraud services providers; and seizing a PacNet bank account. OFAC also received substantial assistance in its investigations from the United Kingdom’s National Crime Agency.

PacNet

With operations in Canada, Ireland, and the United Kingdom, and subsidiaries or affiliates in 15 other countries, PacNet is the third-party payment processor of choice for perpetrators of a wide range of mail fraud schemes. U.S. consumers receive tens of thousands of fraudulent lottery and other mail fraud solicitations nearly every day that contain misrepresentations designed to victimize the elderly or otherwise vulnerable individuals. PacNet has a nearly 20-year history of knowingly processing payments relating to these fraudulent solicitation schemes, which result in the loss of millions of dollars to U.S. consumers.

PacNet’s processing operations help to obscure the nature and prevent the detection of such fraudulent schemes. In a typical scenario, scammers will mail fraudulent solicitations to victims and then arrange to have victims’ payments (both checks and cash) sent directly or through a partner company to PacNet’s processing operations. Victims’ money, minus PacNet’s fees and commission, are made available to the scammers through wire transfers from the PacNet holding account and by PacNet making payments on behalf of the scammers, thereby obscuring the link to the scammers. This process aims to minimize the chance that financial institutions will detect the scammers and determine their activity to be suspicious.

In 2002, as part of a forfeiture action in the U.S. District Court for the Western District of Washington, two of PacNet’s major corporate entities in Canada and Ireland acknowledged that the use of the mail to market lottery chances, shares, and interests within the United States, as well as the use of facilities of interstate or foreign commerce within the United States to handle payments for these types of fraudulent solicitations, violate U.S. federal statutes. These entities also acknowledged that the knowing transfer or deposit of the proceeds of violation of two of those criminal statutes into accounts at financial institutions, either for the purpose of promoting such violations or to hide the nature, location, source, ownership or control of such proceeds, constitutes criminal money laundering. PacNet executives Rosanne Day and Paul Davis represented to the court that in the future they would not use the mail to process payments for illegal lottery purchases.

Despite PacNet’s prior acknowledgement and the many notifications it has received regarding the fraudulent activity of its clients, PacNet continues to knowingly process checks on behalf of numerous companies that are actively involved in widespread mail fraud campaigns. As an example of the clear warnings PacNet has ignored, the North Dakota Attorney General contacted PacNet in 2009 regarding the Group’s processing of payments for the “[Maria Duval](#)” [psychic scam](#). Although PacNet eventually refunded the money to the victims, PacNet continued to process transactions for the Duval scheme for over five years. Similarly, PacNet received subpoenas from the Iowa State Attorney General in 2014 regarding the victimization of the elderly and other Iowans by fraudsters they identified as PacNet clients. PacNet continued to process transactions for these scams until law enforcement shut down the PacNet clients.

PacNet Leadership

As part of today's action, OFAC designated 12 individuals who serve as executives or directors, often in several PacNet-linked companies simultaneously, and, in some cases, provided specific guidance as to how to hide the illicit nature of PacNet's operations or deceive the financial institutions with which PacNet interacts.

Paul Davis is the president, partner, shareholder, or corporate director in several PacNet companies. Davis is directly involved in couriering funds on behalf of PacNet clients and instructing subordinates to mislabel customs forms of currency shipments to evade cross-border reporting requirements. Davis has also knowingly misrepresented to financial institutions the nature of the business of PacNet clients.

Rosanne Day oversees day-to-day operations for PacNet Services Limited, based in Canada, and serves as the president, board member, director, or shareholder in several PacNet companies. She has instructed subordinates to route transactions through the PacNet entity, Indian River (UK), to hide the affiliation of the transactions with PacNet Services Limited and avoid the potential rejection of the payments by financial institutions.

Gerard Alphonsus Humphreys is a director of several PacNet-linked companies, as well as PacNet Air's chief pilot and director of aviation. He has participated with Paul Davis in the couriering of bulk cash within Europe and is also listed as the director on several PacNet companies in Ireland.

Ruth Ferlow is the director, manager, or company secretary of several PacNet-linked companies, including the manager of electronic payments for PacNet Services Limited.

Marie Boivin is the director for PacNet-linked company Accu-Rate Corporation, based in Canada.

Brian Weekes has been identified as PacNet Europe's head of sales, business manager, and head of its banking division.

Monica Elizabete Bottcher is the managing partner for PacNet Brazil.

Siobhan Ann Hanrahan is the company secretary for several PacNet-linked companies in Ireland.

Raffaella Ferrari is the director, administrator, or shareholder for several PacNet-linked companies in Italy and the United Kingdom.

Donna Maria MacBain is a director for PacNet-linked companies Counting House Services Ltd. and PacNet Services Limited, both based in United Kingdom.

Mary Ann Driscoll is the managing director for PacNet-linked company Chexx Inc., based in Canada and Ireland, and a director for Indian River (UK) Ltd.

Estelle Snyman is a director for PacNet Holdings Limited, based in Ireland.

PacNet-Linked Companies

In addition, OFAC today designated the following 24 companies, which comprise PacNet as entities owned or controlled by PacNet executives or other PacNet-linked companies.

PacNet Services Limited, based in Canada, serves as a holding company for numerous PacNet companies. Rosanne Day is the president and board member for this entity.

- PacNet Services Limited also controls additional holding companies, including PacNet Holdings Limited (in Ireland), for which PacNet Services Limited is the sole shareholder. In turn, PacNet Holdings Limited controls PacNet Services (Ireland) Limited as its sole shareholder. PacNet Services Limited is also the parent company and sole shareholder for PacNet Connections Limited (in Ireland). PacNet Services Limited and PacNet Holdings Limited also serve as the corporate parents for Aeropay Limited (in the United Kingdom).
- PacNet Connections Limited is the parent of Indian River (UK) Ltd. PacNet used Indian River (UK) Ltd. to route payments through at least one bank that was rejecting payments from PacNet Services Limited.
- The subsidiaries or affiliates of PacNet Services Limited include: PacNet Europe (in Ireland), PacNet Brazil, PacNet Chile, PacNet France, PacNet HongKong, PacNet India, PacNet Malta, PacNet Suisse (in Switzerland), PacNet UK, and PacNet ZAR (in South Africa).

PacNet Air, located in the Isle of Man, is a subsidiary or affiliate company of PacNet Services Limited. PacNet individuals, including Davis and Humphreys, use PacNet Air to move illicit bulk cash within Europe.

Chexx Inc. (Chexx), located in both Ireland and Canada, is a subsidiary or affiliate company of PacNet Services Limited. Chexx has issued outgoing payments on behalf of PacNet clients from PacNet Europe and Chexx bank accounts.

Chexx Italia Srl, located in Italy, is owned or controlled by Paul Davis, who is identified as a partner for the company. Raffaella Ferrari is identified as the administrator for the company.

Accu-Rate Corporation (Accu-Rate), located in Canada, is a subsidiary or affiliate company of PacNet Services Limited. Paul Davis is the company's president and Marie Boivin is its director. Accu-Rate operates as a foreign exchange company and facilitates illicit cash transactions on behalf of PacNet Europe's check processing department.

Counting House Services Ltd. (Counting House), located in Canada and the United Kingdom, is a company associated with PacNet. Counting House is owned or controlled by Paul Davis, who is the company's managing director and sole shareholder. PacNet executives Donna Maria MacBain and Raffaella Ferrari are identified as directors. Counting House is co-located with several other PacNet-linked companies, including PacNet Services Limited.

Deepecove Labs, located in Canada, provides IT support to PacNet and is collocated with several other PacNet companies including PacNet Services Limited. PacNet executive Rosanne Day is the president and a member of the board for Deepecove Labs.

The Payments Factory, located in multiple jurisdictions including Canada, Ireland, and the United Kingdom, is co-located with other PacNet companies at locations in all three countries. PacNet executive Paul Davis and Raffaella Ferrari are identified as company directors and each is a 50 percent shareholder.

Manx Rare Breeds Ltd., located on the Isle of Man, is owned or controlled by Paul Davis.

To see the identifying information relating to today's actions, click [here](#).

For a chart relating to today's actions click [here](#) 

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