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Southern District of New York

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MANHATTAN U.S. ATTORNEY CHARGES COLLEGE STUDENT WITH CREATING AND DISSEMINATING COUNTERFEIT ONLINE COUPONS OVER THE INTERNET

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, Assistant-Director-In-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced the unsealing of a criminal complaint charging LUCAS TOWNSEND HENDERSON with wire fraud and trafficking in counterfeit goods, in connection with his creation, dissemination and use of counterfeit online coupons for consumer and electronic goods ranging from Tide laundry detergent to PlayStations. As a result of HENDERSON's conduct, retailers and manufacturers paid out on the coupons and lost hundreds of thousands of dollars through the scheme. HENDERSON surrendered in federal court in Rochester, New York, earlier today.

According to the Complaint unsealed today in Manhattan Federal Court:

Since July 2010, HENDERSON allegedly created fraudulent coupons designed to look like legitimate online print-at-home coupons available to consumers on the Internet at www.SmartSource.com. These counterfeit coupons, which ranged from lower-priced consumer items such as energy drinks, beer and cigarettes, to more expensive consumer products such as X-Box and PlayStation, all made unauthorized use of the "Powered by SmartSource" logo, as well as a distinctive border, both of which are registered trademarks belonging to News America Marketing, a subsidiary of Manhattan-based News Corporation. Between July 2010 and March 2011, HENDERSON made a number of the counterfeit coupons he had created available on the Internet by anonymously posting on two message boards devoted to the discussion of online coupons – using the nicknames "Anonymous 123," "Anonymous234,"

and "Anonymous345." In addition to creating and disseminating fake coupons himself, HENDERSON also wrote tutorials, which he posted online, providing instructions to others for creating counterfeit coupons using their own computers.

HENDERSON's actions have resulted in substantial losses not only to the manufacturers of various affected products but also to retailers and consumers themselves. For example, in or about December 2010, $200,000 worth of counterfeit coupons for Tide laundry detergent were redeemed by consumers over a two to three week period. Proctor & Gamble, which manufactures Tide and is the single largest coupon issuer in the United States, has never issued a single online print-at-home coupon. The costs associated with the redemption of those counterfeit coupons were subsequently borne by Proctor & Gamble and the various retailers victimized by the fraud.

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HENDERSON, 22, of Lubbock, Texas, is charged with one count of wire fraud, which carries a maximum sentence of 20 years in prison, and one count of trafficking in counterfeit goods, which carries a maximum sentence of 10 years in prison.

Mr. BHARARA praised the work of the FBI. He added that the investigation is continuing.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney CHRISTOPHER D. FREY is in charge of this prosecution.

The charge contained in the Complaint is merely an accusation, and the defendant is presumed innocent unless and until proven guilty.

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