ISMAIL J. RAMSEY (CABN 189820)
United States Attorney

COREY R. AMUNDSON (LABN 28865)
Chief, Public Integrity Section
U.S. Department of Justice

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

| | |
|---|---|
| UNITED STATES OF AMERICA,<br><br>Plaintiff,<br><br>v.<br><br>ZELENE CHARLES,<br><br>Defendant. | CASE NO. CR 24-00272-EJD<br><br>VIOLATIONS:<br>18 U.S.C. §§ 1343 and 2 – Wire Fraud;<br>18 U.S.C. §§ 641 and 2 – Theft of Government Property; and<br>18 U.S.C. § 981 and 28 U.S.C. § 2461 – Forfeiture |

I N F O R M A T I O N

The United States charges:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. From in or about August 2010 to in or about August 2019, defendant ZELENE CHARLES ("CHARLES") was employed by the United States Department of Defense, at the Defense Language Institute (DLI) in Monterey, California, first as a civilian supply technician, and later as a civilian supervisory general supply specialist.

2. In her capacity as a supervisory general supply specialist, CHARLES was responsible for overseeing the supply warehouse for DLI's information technology section and responsible for government property valued at more than $16 million. CHARLES also supervised multiple warehouse

employees and served as an alternate Billing and Approving Official for multiple Government Purchase Card (GPC) cardholders. As such, CHARLES had access to her employees' GPC information.

3. In August 2019, CHARLES transitioned from DLI to the Department of Defense's Naval Postgraduate School (NPS) in Monterey, California as a civilian supervisory supply management specialist, where her duties were similar to those she had at DLI. She remained in this position until at least April 2020.

The Scheme to Defraud

4. Between approximately December 2016 and April 2020, CHARLES devised and participated in a scheme to defraud the United States, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and omitted facts. It was a purpose of the scheme for the defendant, CHARLES, to enrich herself and others, including another government employee, herein "Person A," by converting government funds to her own use and that of others.

5. CHARLES' scheme to defraud involved creating fake purchase requests and invoices for government purchases from both fictitious and legitimate business entities. CHARLES knew that the items listed in these invoices would not, in fact, be purchased for or received by the government. CHARLES then paid these fake invoices by charging one of her subordinates' GPC cards. These GPC cards would be charged by Square, Inc. (herein "Square") accounts that CHARLES created and controlled, though often disguised as various fictitious companies by use of different account names. CHARLES would then route the payments from these fraudulent GPC transactions through CHARLES' Square accounts and into her personal bank accounts.

6. From approximately December 2016 through April 2020, CHARLES wrongfully caused more than $624,250 in government funds to be sent to her personal bank accounts. During this same time period, CHARLES enlisted the help of at least one person, including Person A, to carry out her scheme. CHARLES then converted the money to her personal use and that of at least one other person, including Person A.

7. CHARLES stole, misappropriated, and converted to her own personal use and that of others, money from the U.S. government by:

a. creating fake purchase requests and fake invoices for the purchase of phantom supplies and other products totaling more than $624,250 that were never actually ordered or received by DLI;

b. using the GPC numbers assigned to Person A and other subordinates to purchase the phantom supplies and other products;

c. creating ten (10) separate Square accounts using different email accounts to process the bogus transactions;

d. frequently renaming the business names associated with the above-mentioned Square accounts, and using at least 78 different account names associated with her Square accounts to conceal her scheme;

e. routing approximately 185 separate purchase transactions through the ten (10) Square accounts and into her Wells Fargo and Navy Federal Credit Union bank accounts;

f. using the money deposited into her Wells Fargo and Navy Federal Credit Union bank accounts for personal expenses; and

g. providing some of the proceeds of her scheme to Person A and others known and unknown.

8. From at least December 2016 through April 2020, to hide and conceal her theft and conversion of U.S. government money, CHARLES materially falsified, or caused to be falsified, documentation regarding the bogus purchases that she routed through Square by:

a. creating fake invoices for supplies and other products purportedly ordered by DLI;

b. providing the fake invoices to Person A and other subordinates;

c. directing Person A and others to maintain copies of the fake invoices for DLI's records; and

d. creating multiple Square accounts using numerous email accounts and account names.

9. CHARLES knew that this money belonged to the United States government and that she was not entitled to receive it.

10. CHARLES used, or caused to be used, interstate wire communications to carry out an essential part of her scheme. For instance, on July 22, 2019, Charles submitted five separate fraudulent GPC purchases to Square, totaling $29,355.62. Due to the five transactions, CHARLES caused Square to transmit five wires of funds, totaling $26,044.14 after deductions for Square's processing fees, to CHARLES' personal bank accounts, including her Navy Federal Credit Union bank account (number ending in -1972). Square, Inc. is a payment processing and point-of-sale solutions company whose servers are located in California. Navy Federal Credit Union's servers are located in Texas and Virginia. Accordingly, CHARLES used or caused to be used wires that traveled in interstate commerce in carrying out her scheme.

11. While at DLI, CHARLES also embezzled, stole, and converted at least twelve (12) Apple laptop computers, iPads, and other devices to her own use and that of others known and unknown. CHARLES knew that these devices, worth thousands of dollars, belonged to the Unites States government and that she was not entitled to convert them to her own use and that of others.

<u>COUNT ONE</u>: (18 U.S.C. § 1343 – Wire Fraud)

12. The allegations set forth in paragraphs 1 through 11 are hereby incorporated by reference as if fully set forth here.

13. Between in or about December 2016 through in or about April 2020, in the Northern District of California and elsewhere, the defendant,

ZELENE CHARLES,

knowingly and with the intent to defraud participated in, devised, and intended to devise a scheme and artifice to defraud as to a material matter, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by means of omission and concealment of material facts.

14. On or about July 22, 2019, in the Northern District of California and elsewhere, for the purpose of executing the aforementioned scheme and artifice to defraud, the defendant,

ZELENE CHARLES,

did knowingly transmit and cause to be transmitted in interstate and foreign commerce, by means of a wire communication, certain writings, signs, signals, pictures, and sounds, specifically, a wire transfer of

$9,497.94 made by Square from a Government Purchase Card, account number ending in -3680, to CHARLES' Navy Federal Credit Union bank account, number ending in -1972.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO: (18 U.S.C. § 641 – Theft of Government Property)

15. The allegations set forth in paragraphs 1 through 11 are hereby incorporated herein by reference as if set forth fully herein.

16. Between in or about December 2016 and continuing through in or about April 2020, in the Northern District of California and elsewhere, the defendant,

ZELENE CHARLES,

did knowingly and willfully embezzle, steal, convert to her own use and to the use of another, money and property of the United States and a department and agency thereof, namely: $624,250 in government funds, and at least twelve (12) laptop computers, iPads and other devices, of a value in excess of $1,000, with the intent to deprive the United States of the use and benefit of that money and property,

All in violation of Title 18, United States Code, Sections 641 and 2.

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

The allegations contained in this Information are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

Upon conviction for any of the offenses set forth in this Information, the defendant,

ZELENE CHARLES,

shall forfeit to the United States all right, title, and interest in any property constituting and derived from any proceeds defendant obtained, directly or indirectly, as a result of such violations, and any property used, or intended to be used, in any manner or part, to commit or to facilitate the commission of such violations, including but not limited to a forfeiture money judgment (in an amount equal to the total proceeds obtained by the defendant, directly or indirectly, from the violation) and the following:

a. An Apple MacBook Air laptop, serial number C02HN2LWDRVD;

b. An Apple MacBook Pro laptop, serial number C02QG55YFVH7;

c. An Apple MacBook Pro laptop, serial number C02XC0A4JHCF;

d. An Apple MacBook Pro laptop with DLIFLC logo, serial number C02VG1EBHV2T;

e. An Apple iPad mini tablet, serial number F4KNF7DEFCM6;

f. An Apple iPad mini tablet, serial number DMPP4V18G5VW;

g. An Apple iPad tablet with DLI insignia, serial number DMQQD3E7G5VJ;

h. An Apple TV device, serial number F6KM4DMWFF54;

i. An Apple Mac Mini device, serial number C07N32BEDWYL;

j. A blue 2020 Lincoln Aviator SUV, VIN 5LM5J7WC7LGL09613; and

k. A white 2017 RAM 1500 Truck, VIN 1C6RR6NGXHS525273.

If any of the property described above, as a result of any act or omission of the defendant:

a. cannot be located upon exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), and Federal Rule of Criminal Procedure 32.2.

DATED: _May 17, 2024______

ISMAIL J. RAMSEY
United States Attorney

/s/____________________________
ANNE C. HSIEH
Assistant United States Attorney

COREY R. AMUNDSON
Chief, Public Integrity Section

/s/____________________________
RICHARD B. EVANS
Trial Attorney

# DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☒ INFORMATION ☐ INDICTMENT ☐ SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

## OFFENSE CHARGED

COUNT ONE: 18 U.S.C. § 1343 – Wire Fraud

COUNT TWO: 18 U.S.C. § 641 – Theft of Government Property

☐ Petty
☐ Minor
☐ Misde-meanor
☒ Felony

PENALTY: COUNT ONE: Max: 20 years imprisonment; $250,000 fine (or twice the gain or loss); 3 years supervised release; forfeiture; restitution

COUNT TWO: Max: 10 years imprisonment; $10,000 fine (or twice the gain or loss); 3 years supervised release; forfeiture; restitution

## DEFENDANT - U.S

Zelene Charles

DISTRICT COURT NUMBER

CR 24-00272-EJD

## PROCEEDING

Name of Complaintant Agency, or Person (& Title, if any)

DCIS

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:
☐ U.S. ATTORNEY ☐ DEFENSE

SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

MAGISTRATE CASE NO.

Name and Office of Person Furnishing Information on this form: Ismail J. Ramsey

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned): Annie Hsieh

## DEFENDANT

### IS *NOT* IN CUSTODY

1) ☒ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☐ Is on Bail or Release from (show District)

### IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction } ☐ Federal ☐ State

6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No } If "Yes" give date filed

**DATE OF ARREST** Month/Day/Year

Or... if Arresting Agency & Warrant were not

**DATE TRANSFERRED TO U.S. CUSTODY** Month/Day/Year

☐ This report amends AO 257 previously submitted

## ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☐ SUMMONS ☒ NO PROCESS* ☐ WARRANT

Bail Amount:

If Summons, complete following:
☐ Arraignment ☐ Initial Appearance

** Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment*

Defendant Address:

Date/Time: Before Judge:

Comments:

# UNITED STATES DISTRICT COURT
# NORTHERN DISTRICT OF CALIFORNIA

## CRIMINAL COVER SHEET

***Instructions**: Effective November 1, 2016, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case.*

**CASE NAME:** USA v. Zelene Charles

**CASE NUMBER:** CR CR 24-00272-EJD

| | | | |
|---|---|---|---|
| **Is This Case Under Seal?** | **Yes** | **No** ✔ | |
| **Total Number of Defendants:** | **1** ✔ | **2-7** | **8 or more** |
| **Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?** | **Yes** | **No** ✔ | |
| **Venue (Per Crim. L.R. 18-1):** | **SF** | **OAK** | **SJ** ✔ |
| **Is this a potential high-cost case?** | **Yes** | **No** ✔ | |
| **Is any defendant charged with a death-penalty-eligible crime?** | **Yes** | **No** ✔ | |
| **Is this a RICO Act gang case?** | **Yes** | **No** ✔ | |

**Assigned AUSA (Lead Attorney):** Anne C. Hsieh

**Date Submitted:** 5/17/2024

**Comments:**

This is an information for a new case, in which the defendant intends to waive indictment pursuant to a pre-indictment resolution. We do not need any process, and no sealing is required. Once a district court is assigned to this case, the parties will request to set a date for the initial appearance, arraignment, and change of plea.

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