



# Department of Justice

United States Attorney Billy J. Williams  
District of Oregon

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## **NINE CORVALLIS-AREA RESIDENTS CHARGED WITH PERPETRATING CREDIT CARD FRAUD FUNDING MARIJUANA BUSINESS**

EUGENE, Ore. – Nine defendants residing in and around Corvallis, Oregon face conspiracy charges related to a credit card “bust-out” fraud scheme and an interstate marijuana distribution operation funded by the fraud.

A credit card “bust-out” is a fraud scheme that begins with perpetrators obtaining credit cards and accumulating large balances. Payments are then made from co-conspirator bank accounts, reducing the credit card balances and allowing for additional purchases. After numerous purchases and payments are made, a co-conspirator would report the payments as unauthorized to their banks. Banks then seek and obtain reimbursement from the credit card companies and deposit those funds back into the co-conspirator’s bank accounts. No further payments are made on the credit cards, resulting in losses to those institutions that often exceed a card’s spending limit.

As alleged in the complaint, conspirators opened numerous credit cards, defrauding financial institutions of over \$1 million. Proceeds from the fraud were allegedly used to establish and operate illegal marijuana grows and fund a state-licensed marijuana retail business, the Corvallis Cannabis Club located in Corvallis. Some of the marijuana grown in Corvallis is alleged to have been transported and sold outside of Oregon.

Three defendants were arrested today and will make their first appearance before U.S. Magistrate Judge Jolie A. Russo in Eugene on Wednesday, June 13, 2018.

A criminal charge is only an accusation of a crime; defendants are presumed innocent unless and until proven guilty.

This case was investigated by the FBI, Drug Enforcement Administration, and U.S. Postal Inspection Service with the assistance of Oregon State Police and the Corvallis and Philomath Police Departments. It is being prosecuted by Gavin W. Bruce, Assistant U.S. Attorney for the District of Oregon.

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