

**Department of Justice**  
U.S. Attorney's Office  
Southern District of New York

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FOR IMMEDIATE RELEASE

Friday, January 28, 2022

## **U.S. Attorney Announces Extradition Of Australian Tech Entrepreneur In Multimillion-Dollar Text-Messaging Consumer Fraud Scheme**

### **Indictment Alleges Scheme to Fraudulently Charge Hundreds of Thousands of Mobile Phone Customers for Text-Messaging Services Without Their Knowledge or Consent**

Damian Williams, the United States Attorney for the Southern District of New York, Joleen D. Simpson, the Special Agent-in-Charge of the Boston Field Office of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), and Michael J. Driscoll, Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced today that EUGENI TSVETNENKO, a/k/a "Zhenya," a dual citizen of Australia and Russia, was extradited from Australia and arrived in the United States this morning. TSVETNENKO was extradited on charges of conspiracy to commit wire fraud, wire fraud, aggravated identity theft, and conspiracy to commit money laundering, stemming from the defendant's alleged participation in a scheme to charge mobile phone customers millions of dollars in monthly fees for unsolicited, recurring text messages about topics such as horoscopes, celebrity gossip, and trivia facts, without the customers' knowledge or consent—a practice referred to as "auto-subscribing." The portion of the fraudulent scheme that TSVETNENKO and his co-conspirators orchestrated defrauded mobile phone users of approximately \$41,389,725, and netted TSVETNENKO and his co-conspirators more than \$20 million in proceeds. TSVETNENKO will be presented today before U.S. Magistrate Judge Ona T. Wang. The case is assigned to U.S. District Judge Analisa Torres.

U.S. Attorney Damian Williams said: "Eugeni Tsvetnenko is alleged to have surreptitiously subscribed hundreds of thousands of cell phone users to a \$9.99 per-month charge for recurring text messages they did not approve or want. As a result of their auto-subscribing scheme, Tsvetnenko and his co-conspirators are alleged to have silently drained over \$41 million in illegal proceeds from their unknowing victims. Thanks to the continued efforts and coordination with our Australian law enforcement counterparts, Tsvetnenko, an Australian national, has now been extradited to the U.S. to answer the call of American justice."

IRS-CI Special Agent in Charge Joleen D. Simpson said: "Today's extradition is clear proof that Mr. Tsvetnenko's vast fortune and residence on another continent did little to shield him from answering the charges brought against him by American authorities. The defendants in this case

have learned the hard way that the reach of Federal law enforcement extends far beyond the borders of the United States.”

FBI Assistant Director-in-Charge Michael J. Driscoll said: “Tsvetnenko and his co-conspirators concocted a scheme that turned thousands of mobile phone customers into unwitting subscription service participants, as alleged. These customers incurred monthly charges for services they never subscribed to and, in many cases, disregarded as spam until the charges turned up on their monthly statements. Ultimately, as we allege, the defendants were able to steal more than \$40 million and realize more than \$20 million in profits. Today's case is a reminder for all of us to maintain awareness of the charges we incur on our financial statements. No matter how insignificant a fraudulent charge may seem, the bigger picture often tells a different story.”

According to allegations in the Superseding Indictment against TSVETNENKO, evidence presented at the trial of co-conspirators Darcy Wedd (Wedd) and Fraser Thompson (Thompson), and other public filings:

From at least in or about 2012 through in or about 2013, TSVETNENKO, Wedd, Thompson, and others engaged in a multimillion-dollar scheme to defraud consumers by placing unauthorized charges for premium text messaging services on consumers’ cellular phone bills through a practice known as auto-subscribing. TSVETNENKO owned and operated several content provider companies and mobile industry companies in Australia that, among other things, created and sold premium text messaging content to consumers. Wedd operated Mobile Messenger, a U.S. aggregation company in the mobile phone industry that served as a middleman between content providers (such as some of TSVETNENKO’s companies) and mobile phone carriers. Mobile Messenger was responsible for assembling monthly charges incurred by a particular mobile phone customer for premium text-messaging services and placing those charges on that customer’s cellular phone bill.

Beginning in or about early 2012, Wedd, Thompson, who was the Senior Vice President of Strategic Operations for Mobile Messenger, and two other senior executives of Mobile Messenger (CC-3 and CC-4) recruited TSVETNENKO to their auto-subscribing scheme to increase revenues at Mobile Messenger. TSVETNENKO agreed and established two new content providers based in Australia, CF Enterprises and DigiMobi, to auto-subscribe on Mobile

Messenger’s aggregation platform. CC-3 furnished lists of phone numbers to TSVETNENKO, along with an auto-subscribing “playbook,” which provided TSVETNENKO with guidance on how to auto-subscribe without being caught. The “playbook” described how to conceal the fraud scheme by making it appear as if the customers had, in fact, elected to purchase the text-messaging services, when in truth they had not.

The consumers who received the unsolicited text messages typically ignored or deleted the messages, often believing them to be spam. Regardless, the consumers were billed for the receipt of the messages, at a rate of \$9.99 per month, through charges that typically appeared on the consumers’ cellular telephone bills in an abbreviated and confusing form, such as with nonsensical billing descriptors that often consisted of random letter and numbers. The \$9.99 charges recurred each month unless and until consumers noticed the charges and took action to unsubscribe. Even then, consumers’ attempts to dispute the charges and obtain refunds from CF

Enterprises or DigiMobi were often unsuccessful. Wedd, to whom CC-3, CC-4, and Thompson all reported, oversaw the scheme at Mobile Messenger.

TSVETNENKO, with the assistance of Wedd, Thompson, CC-3, and CC-4, started

auto-subscribing consumers in approximately April of 2012. TSVETNENKO's auto-subscribing

activities, which continued into 2013, victimized hundreds of thousands of mobile phone customers, who were auto-subscribed through Mobile Messenger and charged a total of approximately \$41,389,725 for unwanted text messaging services. Wedd, Thompson, CC-3, and CC-4 agreed that TSVETNENKO would keep approximately 70% of the auto-subscribing proceeds generated by CF Enterprises and DigiMobi, and that the remaining 30% of the auto-subscribing proceeds would be divided evenly among Wedd, Thompson, CC-3, and CC-4.

After obtaining proceeds of the fraud scheme, TSVETNENKO worked with other co-conspirators to launder the proceeds. TSVETNENKO and his co-conspirators distributed the proceeds of the fraud scheme among themselves and others involved in the scheme by, among other things, causing funds to be transferred through the bank accounts of a series of shell companies and companies held in the names of third parties. This was done to conceal the nature and source of the payments and TSVETNENKO and his co-conspirators' participation in the fraud.

Through their successful orchestration of this fraud scheme, TSVETNENKO and his co-conspirators generated more than \$20 million in fraud proceeds for themselves. TSVETNENKO personally retained approximately \$15.4 million in fraud proceeds for his role in the scheme.

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TSVETNENKO 41, of Perth, Australia, is charged with one count of conspiracy to commit wire fraud, which carries a maximum penalty of 20 years in prison; one count of wire fraud, which also carries a maximum penalty of 20 years in prison; one count of aggravated identity theft, which carries a mandatory sentence of two years in prison, consecutive to any other sentence imposed; and one count of conspiracy to commit money laundering, which carries a maximum sentence of 20 years in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Mr. Williams praised the outstanding investigative work of the IRS-CI and the FBI. In addition, Mr. Williams thanked law enforcement partners in Australia, especially the Australian Attorney-General's Department and the Australian Federal Police, well as the U.S. Department of Justice's Office of International Affairs, for their significant support and assistance with the defendant's extradition.

The prosecution of this case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant U.S. Attorneys Jilan Kamal and Olga I. Zverovich are in charge of the prosecution.

The charges in the Superseding Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.