



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

FOR IMMEDIATE RELEASE: June 26, 2017
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STATEMENT BY NEW YORK STATE INSPECTOR GENERAL CATHERINE LEAHY SCOTT ON THE ARREST AND ARRAIGNMENT TODAY OF JOSEPH CIFFA AND HIS CODEFENDANTS ON FEDERAL FRAUD CHARGES

“Through an elaborate fraud, the lead defendant in this case preyed on consumers with fear tactics meant to extort hundreds of thousands of dollars in debts that often were not even owed. Then he further preyed on taxpayers by hiding his six-figure income so he and his family could collect government health care benefits to which he was not entitled and which were meant for those truly in need. These brazen acts have been exposed and are being prosecuted because of a successful partnership between State and federal law enforcement agencies. I will continue to aggressively investigate these cases in order to protect New Yorkers from such fraud and abuse.”

Note: Inspector General Leahy Scott investigated allegations in this case involving defendant Ciffa obtaining Medicaid benefits for himself and his family to which he was not entitled.

All defendants are presumed innocent until and unless proven guilty in a court of law.

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DEPARTMENT OF JUSTICE

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FOR IMMEDIATE RELEASE

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SIX DEFENDANTS CHARGED IN A DEBT COLLECTION SCHEME

BUFFALO, N.Y. - Acting U.S. Attorney James P. Kennedy, Jr. announced today that six defendants were charged by criminal complaint with conspiracy to commit wire fraud. Named in the complaint are Joseph Ciffa, 49, Erica Lounsberry, 30, both of Grand Island, NY; Debbie Seright, 41, and Shauniqua Rodriguez, 38, both of Niagara Falls, NY; Damario Turpin, 36, of Buffalo, NY; and Carmelo Collana, 48, of Kenmore, NY. The charge carries a maximum penalty of 20 years in prison and a \$250,000 fine. Defendant Ciffa is also charged with health care fraud, which is punishable by up to 10 years in prison and a \$250,000 fine.

Assistant U.S. Attorney Maura K. O'Donnell, who is handling the case, stated that defendant Ciffa has been involved in the debt collection business since at least 2013. Since approximately March 2015, the defendant has operated out of multiple locations including 1625 Buffalo Avenue, in Niagara Falls, NY; 870 Ontario Street in Kenmore, NY; 1567 Military Road in Kenmore; and out of his home office.

According to the complaint, the debt collection operation was not a legitimate operation, and employed fraudulent means to collect on debts, to recollect on debts already collected, and to process and transfer payments related to the collection of such debts. The operation allegedly used threatening statements to debtors all over the United States, made via telephone calls, in an effort to induce payment of debts.

Defendants Lounsberry and Seright were managers who oversaw other employees. Defendant Collana was an associate who established shell companies, payment processing accounts, and bank accounts, to facilitate the receipt of victim payments, and removed cash

from these accounts for Ciffa. Defendant Turpin was also an associate who allowed Ciffa to process victim payments in his (Turpin's) MoneyGram and bank accounts. Defendant Rodriguez was an employee who threatened victims over the telephone, claiming that they were charged with complaints and/or under arrest.

On December 15, 2016, a search was executed at Ciffa's residence on Grand Island. Law enforcement officers recovered discovered a debit card bearing Damario Turpin's name linked to a bank account; business checks other bank accounts; and a bank signature stamp for Damario Turpin. Ciffa's cellular telephone was also seized. A forensic analysis revealed recorded phone conversations during which Ciffa described in detail the fraud scheme in which his debt collection organization was engaged. Other recorded phone conversations detail the money Ciffa was making as a result of his illegal activity. During one conversation, Ciffa stated: "We did 370 grand the month of March...We're on a \$300,000 a month pace right now..."

In addition, between March 2015 and August 30, 2016, defendant Ciffa is accused of fraud involving Medicaid benefits meant for low-income individuals. In application to the Erie County Department of Social Services, Ciffa claimed that he and his wife earned a combined \$610 in weekly income. As a result, the defendant, his wife and their two children received benefits. According to the complaint, Ciffa's total income for 2015 was \$1,284,951.04.

The defendants made an initial appearance this afternoon before U.S. Magistrate Judge Jeremiah J. McCarthy and were released.

The complaint is the result of an investigation by Immigration and Customs Enforcement, Homeland Security Investigations, under the direction of Special-Agent-in-Charge James C. Spero; the Internal Revenue Service, Criminal Investigation Division, under the direction of Special Agent-in-Charge James D. Robnett; the United States Postal Service Inspection Service, under the direction of Inspector-in-Charge Shelly Binkowski; and the New York State, Office of Inspector General, under the direction of Inspector General Catherine Leahy Scott.

The fact that a defendant has been charged with a crime is merely an accusation and the defendant is presumed innocent until and unless proven guilty.

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