

FILED  
2020 AUG 5 PM 3:47  
CLERK  
U.S. DISTRICT COURT

JOHN W. HUBER, United States Attorney (#7226)  
CARL D. LESUEUR, Assistant United States Attorney (#16087)  
Attorneys for the United States of America  
Office of the United States Attorney  
111 South Main Street, Suite 1800  
Salt Lake City, Utah 84111-2176  
Telephone: (801) 524-5682  
Email: carl.lesueur@usdoj.gov

---

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, CENTRAL DIVISION

---

UNITED STATES OF AMERICA,

Plaintiff,

vs.

CHARLES DAVID SCOVILLE, and  
TRAFFIC MONSOON LLC,

Defendants.

INDICTMENT

VIO

18 U.S.C. § 1343 (Counts I & II: Wire Fraud)

26 U.S.C. § 7206 (Counts III & IV: Tax  
Fraud)

Case: 2:20-cr-00242

Assigned To : Nielson, Howard C., Jr

Assign. Date : 08/05/2020

Description: USA v.

---

The Grand Jury Charges:

At all times relevant to this indictment:

1. The Defendant, CHARLES DAVID SCOVILLE, failed to report or pay taxes on more than \$45 million in business income in the years 2014 through 2016.
2. That income came from a scheme CHARLES DAVID SCOVILLE operated called TRAFFIC MONSOON LLC ("Traffic Monsoon"). Traffic Monsoon was nothing more than an online scheme that instead of generating significant revenue, used new investor money to pay old investors. Like most such schemes, Traffic Monsoon held itself out as a business offering legitimate services or products. In this case, the business purported to sell online advertising services that would generate a guaranteed number of visitors or "clicks." In fact, the

business generated negligible sales from the sale of advertising services and delivered only a small portion of the services it did sell. Instead, Traffic Monsoon's revenues came almost entirely through the sale of revenue sharing positions. The promised return was 10%. To further create a false impression of profitability, CHARLES DAVID SCOVILLE and TRAFFIC MONSOON LLC regularly paid that return – or reported customers had earned credits reflecting that return – approximately every sixty days. With no other meaningful source of business revenues, this model was unsustainable from inception. To start the scheme and keep it going, CHARLES DAVID SCOVILLE repeatedly made false representations about the volume of business driven by legitimate sales of advertising services and the company's delivery of those services. He never disclosed that the company had virtually no demand for its advertising services, delivered on relatively few of those promised services, that credits reflected in customer accounts did not reflect the enterprise's true profits from advertising services, or that customers seeking a share in profits were the near exclusive source of cash for the company.

3. As a result of these false representations and material omissions, Traffic Monsoon generated \$25 million a month in revenue from customers purchasing revenue sharing positions. Yet, CHARLES DAVID SCOVILLE and Traffic Monsoon declared only a fraction of these revenues on their tax returns. Traffic Monsoon declared only \$47,915 in business income in 2014 and only \$2,426,749 in business income in 2015, although the business income in those years (reduced by payments made to investors) exceeded \$138,425 and \$47,678,046, respectively. This led to respective losses of \$31,456 and \$19,377,631 in tax revenues for the United States in the years 2014 and 2015.

### **THE SCHEME**

4. The Defendant CHARLES DAVID SCOVILLE implemented a scheme to grow his business and generate investment in his business and income for himself by misleading investors about the success and profitability of the business, the demand for its services, and its delivery of those services.

### **MANNER AND MEANS OF EXECUTION**

5. The means of executing this scheme was through a business called “Traffic Monsoon, LLC” and representations made online through that business’s website, publicly available on the internet, through other websites on the internet, and through various interviews offered and transmitted over the internet.

6. The Defendant CHARLES DAVID SCOVILLE started Traffic Monsoon in October 2014. The principal place of business for Traffic Monsoon is in the City of Murray in the District of Utah.

7. Through Traffic Monsoon, Defendant SCOVILLE sold multiple advertising packages. He advertised these packages online at a website called [www.trafficmonsoon.com](http://www.trafficmonsoon.com) and promoted them on various publicly available websites, including [www.charlesscoville.com](http://www.charlesscoville.com). These packages were a variety of advertising products such as banner ads and a guaranteed number of “clicks” reflecting traffic generated to customer websites. The primary product he sold was a “Banner AdPack” (or the “AdPak”). The AdPack, in addition to promising certain advertising services, gave purchasers a share in Traffic Monsoon’s revenues. By spending \$50 on an AdPack and making 10 clicks on websites, SCOVILLE promised customers they could get repaid \$55 – or 110% of their purchase. He further paid this return, or caused a credit to show in customers’ accounts, within sixty days in order to create a false impression a profitability. In

other words, SCOVILLE devised a scheme to obtain Traffic Monsoon customers' money by deceitfully causing them to believe that Traffic Monsoon was sufficiently profitable through its sales of services to pay them a 10% return every sixty days.

8. To encourage investment in AdPacks, SCOVILLE made certain false representations and material omissions. SCOVILLE promoted and emphasized that Traffic Monsoon "offers quite a lot of advertising services of the highest possible quality, and delivers them quickly." These representations concerning the demand for Traffic Monsoon's advertising services – and the volume and speed of delivery – was crucial: offering AdPack purchasers 110% of their purchase price back is sustainable only if Traffic Monsoon is making significant sales of its advertising products that do not offer a revenue share and providing those services at a profit of at least 10%. He enhanced this perception by claiming on his website, [www.charlesscoville.com](http://www.charlesscoville.com), that there was greater demand for the nonrevenue sharing advertising services than there was for the AdPacks: "We sell 1 service LOWER in demand which includes a profit sharing position, and share profits from the services with HIGHER demand with those who click a minimum of 10 ads per day."<sup>1</sup> He further made the following statements on [www.trafficmonsoon.com](http://www.trafficmonsoon.com):

- a. "Only 1 of the services we offer includes a revenue sharing position."<sup>2</sup>
- b. "There is truly no risk to our revenue sharing plan, because the quality of advertising services you're paying for out-weigh the price."<sup>3</sup>

<sup>1</sup> <http://www.charlesscoville.com/business-ventures>, captured by the wayback machine at <https://web.archive.org> on or about December 26, 2015.

<sup>2</sup> [https://trafficmonsoon.com/ad\\_plans](https://trafficmonsoon.com/ad_plans), captured by the wayback machine at <https://web.archive.org> on or about March 9, 2016.

<sup>3</sup> <https://trafficmonsoon.com/home>, captured by the wayback machine at <https://web.archive.org> on or about March 15, 2016.

- c. “We share profits from all of the following services. Pay-Per-Click Banner Ad Campaigns Pay-Per-Click Text Ad Campaigns Traffic Exchange Start Pages Traffic Exchange Credit Purchases Monsoon Traffic Packages Login Ads”<sup>4</sup>
- d. “Is TrafficMonsoon a hyip, ponzi, pyramid scheme, or illegal? No, this is not an investment site nor is it illegal in any way, shape, or form. We sell ad services. TrafficMonsoon offers quite a lot of advertising services of the highest possible quality, and delivers them quickly. . . . [The sharing position] is completely related to the revenues generated from the sale of services.”<sup>5</sup>
- e. “[The return of \$55 is] completely reliant upon sales of services, and you being qualified.”<sup>6</sup>
- f. “It’s from the sales of all our services that we share revenues.”<sup>7</sup>
- g. “This also means we do not guarantee reaching \$55, because earnings from revenue sharing is completely dependent upon the sales of ad services, and also dependent upon you meeting the qualification to receive of revenues by surfing a minimum of 10 ads in a 24 hour period.”<sup>8</sup>

---

<sup>4</sup> [https://trafficmonsoon.com/ad\\_plans](https://trafficmonsoon.com/ad_plans), captured by the wayback machine at <http://web.archive.org> on or about March 9, 2016.

<sup>5</sup> <https://trafficmonsoon.com/faq>, captured by the wayback Machine at <https://web.archive.org> on or about March 9, 2016.

<sup>6</sup> [https://trafficmonsoon.com/ad\\_plans](https://trafficmonsoon.com/ad_plans) captured by the wayback Machine at <https://web.archive.org> on or about March 9, 2016.

<sup>7</sup> [https://trafficmonsoon.com/ad\\_plans](https://trafficmonsoon.com/ad_plans) captured by the wayback Machine at <https://web.archive.org> on or about March 9, 2016.

<sup>8</sup> <https://trafficmonsoon.com/faq> captured by the wayback Machine at <https://web.archive.org> on or about March 9, 2016.

9. But these representations were false. In truth, the demand for Traffic Monsoon's advertising services was negligible and Traffic Monsoon seldom delivered the promised services. Less than 1% of Traffic Monsoon's revenues were generated by sales of advertising services without the promise of revenue sharing. Moreover, Traffic Monsoon only delivered a small fraction – 10 to 11% – of the visitors it was obligated to provide through purchases of its advertising services.

10. In addition, Defendant SCOVILLE implemented systems to create a false impression of Traffic Monsoon's profitability and sustainability. Specifically, rather than providing services, calculating the profits, and paying out the promised share, Defendant SCOVILLE created a system that, regardless of profits from advertising services actually rendered, reflected a 110% credit to the AdPack customer's account at intervals of about sixty days. He took little to no care to ensure that services were actually rendered. Not only did he fail to ensure services were actually rendered and omit to tell customers/investors that services were not being rendered, he falsely told customers that services were in high demand and the primary source of revenue came from purchases of services without a profit share component. Defendant SCOVILLE further implemented an automatic reinvestment system allowing customers to opt to automatically purchase new AdPacks with their AdPack revenue credits. This feature not only discouraged customers from cashing out, but further perpetuated the false impression that Traffic Monsoons perpetually earned at least 10% every sixty days of the customer's initial AdPack investment in revenues from advertising services.

11. What purchasers understood was Traffic Monsoon would deliver a \$55 return on each \$50 investment. What Defendant SCOVILLE did not disclose was that the return was

funded almost entirely with new AdPack investors' money, not revenues from rendering any true advertising services.

12. As a result of this fraudulent scheme, Defendant SCOVILLE and Traffic Monsoon were generating as much as \$25 million a month in revenues through AdPack sales.

13. In addition, despite knowing that he was generating such revenues, in 2014 and 2015, he declared only \$47,915 in business income in 2014 and only \$2,426,749 in business income in 2015. In fact, his business income in those years was approximately \$138,425 in 2014 and \$47,678,046 in 2015. He admitted he failed to declare his income because he believed he could not pay the tax liability.

**COUNTS I & II**

18 U.S.C. § 1343

(Wire Fraud)

14. Paragraphs 1 through 13 are repeated and realleged as though fully set forth herein.

15. On or about the dates set forth below, in the Central Division of the District of Utah and elsewhere,

CHARLES DAVID SCOVILLE and  
TRAFFIC MONSOON LLC,

defendants herein, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, did transmit and cause to be transmitted by means of wire in interstate and foreign commerce, the following writings, signs, and signals for the purpose of executing such scheme, and attempted to do so:

COUNT	Date	Wire Transmission
I	December 25, 2015	Transmitting over the public internet the web page "www.trafficmonsoon.com/ad-plans" including false statements alleged in paragraph 8 above.
II	May 18, 2016	Transmitting over the public internet the web page "www.charlesscoveille.com/business-ventures" including the statement "We sell 1 service LOWER in demand which includes a profit sharing position, and share profits from the services with HIGHER demand with those who click a minimum of 10 ads per day."

all in violation of 18 U.S.C. § 1343 and § 2.

**COUNTS III & IV**

26 U.S.C. § 7206  
(Tax Fraud)

16. Paragraphs 1 through 13 are repeated and realleged as though fully set forth herein.

17. On the dates set forth below, in the Central Division of the District of Utah and elsewhere,

CHARLES DAVID SCOVILLE,

defendant herein, willfully made and subscribed the following returns, statements, and documents, verified by a written declaration that it is made under penalties of perjury, believing them not to be true and correct as to every material matter; to wit, believing them

**[continued on following page]**



not to be true as to the matters reflected below:

COUNT	Return, Statement, Document	Matter Defendant Believed to Be Untrue
III	1040 Income Tax Return for the Year 2014 filed on April 10, 2015	Defendant reported Business Income of \$47,915, which he knew and believed to be untrue.
IV	1040 Income Tax Return for the Year 2015 filed on May 9, 2016	Defendant reported Business Income of \$2,426,749, which he knew and believed to be untrue.

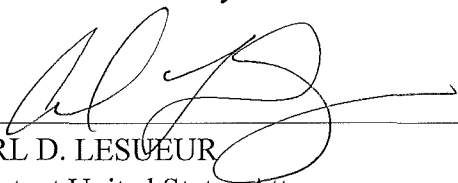
all in violation of 26 U.S.C. § 7206.

A TRUE BILL:



FOREPERSON OF GRAND JURY

JOHN W. HUBER  
United States Attorney



CARL D. LESUEUR  
Assistant United States Attorney