

U.S. Charges Russians In a Cyber Fraud Case

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NEW YORK — A father and son from Moscow were charged by prosecutors in New York with taking part in a scheme to gain illegal computer access to U.S. bank accounts through bogus e-commerce web sites.

Vladimir Zdrovenin and his son, Kirill, were named in an indictment unsealed Tuesday in a federal court in Manhattan that alleges they and unknown others controlled U.S.-registered companies.

The two men also operated a business that bought and sold securities.

The defendants took unauthorized charges on customers' credit cards, prosecutors said.

They also got credit card numbers by either buying them from unidentified people who had obtained them illegally or by so-called malware the defendants surreptitiously installed on victims' computers, the United States government said.

“Mr. Zdorovenin’s egregious behavior illustrated the true colors of the cyber underground, as he and his son allegedly defrauded consumers of hundreds of thousands of dollars,” Janice Fedarcyk, head of the FBI’s New York office, said in a statement.

“This should serve as a stark reminder to anyone who believes he can commit cyber crime and hide behind the safety and anonymity of a Russian IP address; you are not beyond the reach of the FBI.”

Vladimir Zdorovenin was arrested last March in Zurich and arrived in New York on Monday following his extradition by Swiss authorities, Manhattan U.S. Attorney Preet Bharara’s office said in a statement.

His son remains at large, U.S. authorities said.

At his arraignment Tuesday before U.S. Magistrate Judge Gabriel Gorenstein, Vladimir Zdorovenin pleaded not guilty to the charges through his lawyer, Sabrina Shroff.

She declined to comment on the case after court.

Assistant U.S. Attorney James Pastore, who is prosecuting the case, said U.S. District Judge Paul Gardephe has scheduled a Jan. 19 conference in connection with the case.

The Zdorovenins held out U.S.-registered companies Sofeco, Pintado and Tallit as legitimate Internet merchants with web sites that prosecutors said appeared to offer goods and services, U.S. authorities said.

They also engaged in a scheme from June 2004 to February 2005 to gain access to accounts of U.S. victims and attempted to transfer hundreds of thousands of dollars into bank accounts they controlled at JPMorgan Chase and a company identified as Asia Europe America’s Bank, according to prosecutors.

The defendants, through Rim Investment Management, maintained an account at Ameritrade and bought and sold securities in publicly traded companies, prosecutors said.

The two men are accused of committing securities fraud by buying and selling thousands of shares of companies including Terayon Communications Systems and Internet Capital Group by trading in the accounts of U.S. victims, prosecutors said.

They are accused of buying and selling securities in the same companies in their Rim account at Ameritrade, manipulating and earning profits they wouldn’t otherwise have made.

The indictment describes meetings in July 2004 between the Zdorovenins and unidentified others in Cyprus. Unnamed co-conspirators transferred almost \$300,000 from the financial services account of a person in the United States to a bank account controlled by the Zdorovenins.

“Cyber crime is a pandemic that makes geography meaningless,” Bharara said in the statement. “From far away, with the click of a mouse, the cyber criminal can victimize millions of people in the United States. As alleged, Vladimir Zdorovenin and his son did exactly that.”

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