



NEWS RELEASE

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Six Indicted on Federal Fraud and Money Laundering Charges in \$4 Million Internet Scam involving Vehicles Offered for Sale

Fraud Scheme Used Well Known Websites that Offered Vehicles for Sale

LOS ANGELES – A federal grand jury has indicted six foreign nationals on charges related to an Internet sales scheme that allegedly defrauded Americans who attempted to purchase automobiles and other vehicles on the Internet through websites that included eBay Motors, Auto Trader, Yahoo Auto, Edmunds.com and Craigslist.

The 24-count indictment, which was returned yesterday afternoon, alleges a scheme in which vehicles were offered for sale on various legitimate websites. Money was subsequently collected from victims across the United States and supposedly put into escrow accounts with PayPal and eBay Motors. The money was then siphoned from the accounts, with millions of dollars being sent to Europe. Not one vehicle was delivered to the hundreds of victims who lost more than \$4 million during the 3½ years the scheme operated, according to the indictment.

The charges are the result of a probe by U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), IRS - Criminal Investigation and the U.S. Secret Service. Several other state and local law enforcement agencies provided substantial assistance during the investigation, including the Costa Mesa Police Department.

The indictment alleges conspiracy to commit bank and wire fraud, nine counts of wire fraud, eight counts of bank fraud, conspiracy to commit money laundering and four

counts of money laundering. Additionally, the indictment seeks the forfeiture of property and money illegally obtained through the scheme, including more than \$4.2 million in U.S. currency. If they are convicted of the charges in the indictment, the defendants would each face sentences that could total hundreds of years in federal prison.

Those charged in the indictment are:

- Corneliu Stefan Weikum, 37, a Romanian national who resides in Berlin and is currently in federal custody in Nevada;
- Yulia Mishina-Heffron, 23, a native of Yekaterinburg, Russia who is in federal custody in Nevada;
- Sergej Bugaev, 38, a Russian national and resident of Berlin, who is currently in state custody in Orange County;
- Alexander Brem, 34, a native of Kazakhstan who resides in Berlin;
- Marina Talashkova, 24, of Yekaterinburg, Russia; and
- Rihards Avotins, 21, a Latvian resident.

“As more people use the Internet to conduct everyday transactions, we are increasing our efforts to protect consumers from fraud artists committed to taking hard-earned money from consumers who are increasingly comfortable doing business in cyberspace,” said United States Attorney André Birotte Jr. “This case demonstrates our ability to track down even the most sophisticated fraud artist who attempted to hide behind false identities and the perceived anonymity of the Internet.”

The indictment alleges a scheme in which members of the conspiracy offered vehicles – including automobiles, motorcycles, motor homes and boats – for sale on various websites. After the purchase price was negotiated through telephone and email communications, co-conspirators emailed fraudulent invoices to the purchasers. The fake invoices appeared to be from eBay, Edmunds.com, PayPal, and Google Checkout, and the documents often bore the names and logos of these legitimate companies. The victims were instructed to wire the agreed-upon purchase price into bank accounts they thought were related to the escrow companies, but had in fact been set up by members of the conspiracy who often used false identification to open the accounts. The fraudulent invoices falsely represented that the funds would not be released to the purported sellers until the purchasers had received and approved the purchased

vehicles, and victims were further told that they had the option of returning the vehicles at the seller's expense within a week of receiving and inspecting the vehicle.

Despite receiving the purchaser's funds for the vehicles, the indictment alleges, the defendants did not provide any vehicles to the victims.

"Unfortunately, countless consumers fall prey to sophisticated Internet fraud schemes like this every year and most of them will never get their money back," said Claude Arnold, Special Agent in Charge for ICE Homeland Security Investigations in Los Angeles. "While Homeland Security Investigations will continue to work closely with its enforcement partners here and overseas to aggressively target this type of crime, Internet shoppers must also take steps to protect themselves. Before buying anything online, shoppers should check to be sure their money is going to a legitimate account and always remember, if the price sounds too good to be true, it probably is."

According to the indictment, Weikum monitored the fraudulent bank accounts to determine if victims had deposited the funds. Once money was sent to the fraudulent bank accounts, the money was withdrawn – primarily in cash – and the money was delivered to Weikum and Mishina. Weikum and Mishina allegedly wired the money from the United States to other countries, mailed the funds in concealed packages to Berlin, or concealed the funds in personal carry-on luggage while traveling to Germany.

At least 110 bank accounts were opened to fraudulently receive proceeds derived from the Internet sales scam, according to the indictment. From September 4, 2007 until October 5, 2010, victims deposited at least \$4 million into the fraudulent bank accounts.

"The defendants conducted a scheme intending to defraud the everyday Internet shopper," said IRS-Criminal Investigation Special Agent in Charge Leslie P. DeMarco. "The IRS will continue to use its resources to trace money received from fraudulent Internet schemes. Internet consumer safety is a concern of the IRS and we will do our part to combat this modern-day fraud."

Joseph Beaty, Special Agent in Charge of the U.S. Secret Service Los Angeles Field Office, stated: "Cybercrime, including this kind of Internet sales scheme, has evolved significantly over the last several years. Cooperation between law enforcement allows us to focus our resources and respond quickly to uncover and prevent criminal

activity such as this type of financial fraud.”

The fraud charges alleged in the indictment each carry a statutory maximum penalty of 30 years in federal prison. The money laundering charges alleged in the indictment each carry a statutory maximum penalty of 20 years in prison.

Weikum and Mishina are in custody after being charged about one year ago in United States District Court in Las Vegas, Nevada. Weikum and Mishina were indicted on charges related to bulk cash smuggling, structuring cash transactions and false identification documents. The Nevada indictment alleges, among other things, that Weikum attempted to bring \$1.1 million in United States currency that was concealed in his luggage as he traveled to Germany in October of 2009. Weikum and Mishina are scheduled to be tried on the Nevada case on January 24.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

The investigation into the fraudulent Internet sales scheme is being conducted by special agents with the IRS - Criminal Investigation, U.S. Immigration and Customs Enforcement's Homeland Security Investigations, and the United States Secret Service.

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