

NEWS RELEASE



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For Immediate Release

MORE THAN 50 PEOPLE INDICTED IN MASSIVE FRAUD RING

Thousands of Stolen Identities Used to Get Millions in Bogus Tax Refunds

NEWS RELEASE SUMMARY – September 26, 2013

A massive case of organized tax and bank fraud culminated today with the unsealing of four federal grand jury indictments accusing 55 people of participating in one or more illicit schemes, including the theft of more than 2,000 identities that were used to claim more than \$20 million in bogus IRS tax refunds. As a result the IRS paid out more than \$7 million – even issuing payments in the names of dead people.

The charges are the result of a two year-long investigation by federal and local authorities in San Diego and Los Angeles. Twenty-two defendants were arrested this morning during sweeps in Los Angeles, San Diego, Las Vegas and Maryland. Hundreds of federal, state, and local law enforcement officers participated in the takedown. Thirty-three defendants remain at large, including 21 who are believed to be out of the country. During searches at 12 locations, authorities seized \$13,000 in cash and four handguns, including three that were unregistered.

“This case is staggering in terms of the number of victims, its level of sophistication, its audacious methods and the callous disregard for victims,” said U.S. Attorney Laura Duffy. “These arrests are the first strike back on behalf of taxpayers and more than 2,000 victims who now have to reclaim their good names – a frustrating task that can take years. We will continue to make these cases a priority.”

“Individuals who commit refund fraud and identity theft of this magnitude and with this degree of dishonesty and deceit, deserve to be punished to the fullest extent of the law,” said Richard Weber, Chief, IRS Criminal Investigation. “IRS Criminal Investigation, along with our law enforcement partners and the United States Attorney's Office, remain vigilant in identifying, investigating and prosecuting individuals involved in these schemes.”

FBI Special Agent in Charge, Daphne Hearn, commented, “This investigation involved multiple complex fraudulent schemes resulting in significant losses to financial institutions and American taxpayers. Today's arrests...send a clear message to those involved in stealing money from American taxpayers. The FBI and our partners will aggressively pursue those involved in stealing precious taxpayer money through fraudulent schemes.”

Tax refund fraud involving the use of stolen identities has emerged as such a fast-growing crime category that it has earned an acronym – SIRF – for Stolen Identity Refund Fraud. The Department of Justice issued a new directive last year to coordinate, expedite and streamline the prosecutorial efforts of the Tax Division and U.S. Attorneys offices nationwide.

The various schemes are described in four separate indictments:

- The largest indictment – involving the identity theft and bogus tax refunds - charges 29 people and involved the alleged filing of about 2,000 fraudulent tax returns. The coconspirators filed two types of fraudulent returns – those that claimed refunds from fabricated gambling winnings and losses, and those based on made-up wages and withholdings. The returns sought \$17 million in undeserved refunds.

This scheme involved the participation of scores of San Diego-based foreign nationals from former Soviet bloc countries - including Russia, Kazakhstan, and Turkmenistan - who were visiting San Diego using J-1 and F-1 visas. The visas allow foreigners to come to the United States for a short period of time to study, work, and travel.

However, instead of studying or working, the almost two dozen foreign nationals charged today allegedly worked primarily as foot soldiers for criminal organizations operating in Los Angeles and elsewhere. Leaders of the identity theft ring, many of whom are Armenian nationals or Armenian-American, exploited the popular student visa program in part because the visa holders would not be here long. In fact, many have since returned to their countries.

The alleged leaders of the stolen identity fraud schemes were Arthur Grigorian, Ernest Soloian and Hovhannes Harutyunyan. One of the defendants, Yvonne Mihailescu, used her position as an

of Wells Fargo Bank to open bank accounts which were used to receive the fraudulent tax refunds launder the proceeds, according to the indictment.

While here, they rented apartments in San Diego and elsewhere, opened post office boxes and bank accounts at the San Diego branches of Bank of America and Wells Fargo, and collected fraudulent tax refunds through the receipt of refund checks and direct deposits from the U.S. Treasury. Some of the refund checks were mailed to apartments on University Avenue and El Cajon Boulevard in San Diego.

The indictment indicates that the coconspirators employed sophisticated methods to cover their tracks. For instance, they took steps to disguise their Internet Protocol (IP address) when filing tax returns electronically, making it difficult for law enforcement to determine the location. In addition, they used code language when communicating and referred to each other only by nicknames, such as “Anaconda” and “Blondie.” They used prepaid cell phones which they changed on a regular basis.

- A second indictment charges three people who are accused of filing more than 400 false returns using stolen identities which claimed more than \$3 million in fraudulent refunds. Armen Eritsian and Hovhannes Harutyunyan are the alleged leaders of the scheme.
- A third indictment charges eight people, led by Hovakim Sogomonian and Harout Gevorgyan, and describes an elaborate ruse in which defendants obtained bank account and other personal information about wealthy Wells Fargo customers and then sent imposters to branches to withdraw large sums of money. The imposters altered their appearances with haircuts and new clothes and prepared by role-playing. In all they attempted to withdraw more than \$3 million, and succeeded in obtaining \$551,842, the indictment said. The imposters instructed tellers to wire large sums of money to the account of a gold dealer, and then they picked up gold coins from the dealer and delivered them to the other defendants.
- Finally, a fourth indictment charges 18 defendants, led by Karen Galstian and Vahag Stepanyan, with a scheme to defraud Bank of America of more than \$600,000 by writing bad checks. This scheme also utilized stolen identities to further the fraud.

The FBI and IRS recommend that individuals take the following steps to minimize the chance of becoming a victim of identity theft:

- Don’t carry your Social Security card or any document with your SSN on it.
- Don’t give a business your SSN just because they ask. Give it only when required.
- Protect your financial information.
- Check your credit report every 12 months.
- Secure personal information in your home.
- Protect your personal computers by using firewalls, anti-spam/virus software, update security patches, and change passwords for Internet accounts.
- Don’t give personal information over the phone, through the mail or on the Internet unless you have initiated the contact or you are sure you know who you are dealing with.

All of the defendants arrested in today's operation are expected to make their initial appearances in federal court either today or tomorrow in the district where they were arrested. Following the defendants' initial appearances, the next scheduled court date is Oct. 3, 2013, at 2 p.m., before United States Magistrate Judge Mitchell D. Dembin.

*U.S. Attorney Duffy, the IRS' Anthony J. Orlando and the FBI's Darrell Foxworth will be available for interviews this afternoon. If you are interested, please contact Kelly Thornton at 619-546-9726.

DEFENDANTS

Case Number: 13cr3479

*ARTHUR GRIGORIAN
*ERNEST SOLOIAN
*HAROUT GEVORGYAN
HOVHANNES HARUTYUNYAN
SUKHROB MUSAYEV
STANISLAV MELNIKOV
RENAT TALANOV
*YVONNE MIHAILESCU
MADLEN OSPANOVA
MERUYERT AKHMETOVA
INDIRA AKHMETOVA
*VYACHESLAV LAZAREV
YEVGENIY IVANOV
KARINA POLOZOVA
ZHASSULAN SHILIKBAY
SAGIT BATCHAEV
PATIMAT MAGALIYEV
KURBAN MAGALIYEV
ILYAS ABDRAKHAY
YERMEK DOSSYMBEKOV
VYACHESLAV TSOY
KONSTANTIN IVANOV
NURBEK AKHMADIYEV
ALISHER OMAROV
KSENIA CHABANOVA
*YELENA SKLYAROVA
ULAN ZAKIROV
TAIYR ZHURYN
YEVGENIY SOTNIKOV

DEFENDANTS

Case Number: 13cr3480

*ARMAN ERITSIAN
HOVHANNES HARUTYUNYAN
MARSAL MEDET

DEFENDANTS

Case Number: 13cr3481

*KAREN GALSTIAN

*VAHAG STEPANYAN
*GEORGE KARAPETIAN
ARA ADAMYAN
*CHRISTOPHER BUCKELY
*CARLOS FERRUFINO, Jr.
*AKOP GALSTIAN
*FARBOB GOLHASSANI
PAUL T. GONNELLY, Jr.
*TATYANA KARBACHINSKAYA
MARIA KHARITONOVA
ALISA NOVIKOVA
*DAVID MEGUERIAN
*ASHOT MNATSAKAMYAN
SEDRAK MOVSESYAN
ROBERT T. RODRIGUEZ
*CHRISTOPHER RUIZ
*VARDGES VARDANYAN

DEFENDANTS

Case Number: 13cr3482

*HOVAKIM SOGOMONIAN
*HAROUT GEVORGYAN
*TIGRAN ERITSYAN
*EMIL STEPANYAN
SAGIT BATCHAEV
*KONSTANTIN YUGAY
*BAGDASAR BAGDASARYAN
*MAE BARBARA WEISSBERGER

*In Custody

SUMMARY OF CHARGES

The following crimes are charged in at least one of the four indictments. For charges against each defendant, please see indictments.

Conspiracy – Title 18, U.S.C., Section 371

Maximum penalty: 5 years' imprisonment and \$250,000 fine

Mail Fraud – Title 18, U.S.C., Section 1341

Maximum penalty: 20 years' imprisonment and \$250,000 fine

Wire Fraud – Title 18, U.S.C., Section 1343

Maximum penalty: 5 years' imprisonment and \$250,000 fine

Money Laundering – Title 18, U.S.C. § 1956

Maximum penalty: 5 years' imprisonment and \$250,000 fine

Aggravated Identity Theft – Title 18, U.S.C., Section 1028A

Maximum penalty: 2 years' imprisonment consecutive to underlying offense

Conspiracy to Commit Bank Fraud – Title 18, U.S.C., Section 1349

Maximum penalty: 30 years' imprisonment and \$1,000,000 fine

Criminal Forfeiture – Title 18, U.S.C., Section 981(a)(1)(C) and Title 28, U.S.C., Section 2461(c)

Maximum penalty: Forfeiture of proceeds

AGENCIES

Federal Bureau of Investigation

Internal Revenue Service Criminal Investigation

Los Angeles Police Department

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.