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Eastern District of California

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PLUMAS LAKE MAN PLEADS GUILTY TO COMPUTER FRAUD

Admitted to Using the Internet to Steal Micro-Deposits

SACRAMENTO, Calif.—Acting United States Attorney Lawrence G. Brown announced today that MICHAEL LARGENT, 23, of Plumas Lake, Calif., pleaded guilty today to fraud and related activity in connection with computers.

This case is the product of an extensive joint investigation by the United States Secret Service and the Federal Bureau of Investigation. The United States Attorney's Office, San Jose Division, also assisted with this case.

According to Assistant United States Attorney Matthew D. Segal, who is prosecuting the case, from November 2007 through May 2008, LARGENT defrauded E*TRADE, Charles Schwab & Co. Inc., and other businesses by opening or attempting to open more than 58,000 brokerage accounts without authorization. He did this with the intent of stealing the "micro-deposits." A financial institution will make "Micro-deposits" when accounts are opened to test the functionality of an account. The amounts deposited range from \$0.01 to \$2.00.

LARGENT used false names, addresses, driver's license numbers, and social security numbers, including the names of known cartoon and comic book characters to open the accounts. When the deposits occurred, he would transfer the funds into his own bank accounts or onto prepaid debit cards, without the authorization or knowledge of E*TRADE and Schwab. As a result, LARGENT fraudulently obtained or attempted to obtain more than \$50,000, which he used for personal expenses.

E*TRADE and Charles Schwab & Co. Inc. detected the fraud and notified law enforcement independently of each other.

Sentencing is set for August 13, 2009. The mail fraud and wire fraud charges carry a maximum penalty under federal law of 20 years in prison. The computer fraud charges carries a maximum penalty of five years in prison. In addition, LARGENT may be required to pay a fine and restitution. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

Assistant United States Attorney Robin R. Taylor brought the criminal complaint and the indictment in this case in May 2008 and Segal took over in January 2009.

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