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ROSEVILLE MAN PLEADS GUILTY IN SCHEME TO DEFRAUD THOUSANDS OF AMERICAN EXPRESS CARDHOLDERS

SACRAMENTO, Calif. — United States Attorney Lawrence G. Brown announced today that ALEXSANDR BERNIK, 28, of Roseville, pleaded guilty today before United States District Judge John A. Mendez to two counts of wire fraud relating to a scheme to extract funds from American Express cardholders by assessing small fraudulent charges on thousands of American Express cards.

This case is the product of a joint investigation by the United States Secret Service and the Internal Revenue Service, Criminal Investigation.

According to Special Assistant United States Attorney Jean M. Hobler, who prosecuted the case, BERNIK admitted in his plea that from October 2005 through November 2006, he obtained at least 11,800 individual American Express credit card numbers and charged each of them fraudulently in amounts ranging from \$9 to \$15 under the name of his fictitious business, “Lexbay Limited.”

The charged funds were processed through interstate wires and ultimately ended up in the account of Lexbay Limited, controlled by BERNIK. None of the American Express cardholders whose accounts were charged pursuant to the scheme had purchased anything from BERNIK or Lexbay Limited. As a result of this scheme, he obtained over \$177,000.

BERNIK is scheduled to be sentenced on January 19, 2010 by Judge Mendez at 9:30 a.m. The maximum statutory penalty for each count of wire fraud affecting financial institutions is 30 years in prison, and a fine of up to \$250,000. The plea agreement contemplates that BERNIK will be sentenced to 70 months in prison, pay restitution to the victims of his crime, and be subject to a criminal money judgment of over \$177,000. However, the actual sentence 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.

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