AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☑ INFORMATION ☐ INDICTMENT ☐ SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

OFFENSE CHARGED

SEE ATTACHMENT

☐ Petty
☐ Minor
☐ Misdemeanor
☑ Felony

PENALTY:
SEE ATTACHMENT

DEFENDANT

EDUARD ARAKELYAN

MAR 2012

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

DISTRICT COURT NUMBER

CR12-00153 CW

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
UNITED STATES SECRET SERVICE

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:
☐ U.S. ATTORNEY ☐ DEFENSE

SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

MAGISTRATE CASE NO.
CR 4-11-70080-MAG

DEFENDANT

IS *NOT* IN CUSTODY

1) ☐ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☑ Is on Bail or Release from (show District)
Los Angeles District on Electronic Monitoring

IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction ☐ Federal ☐ State

6) ☐ Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No — If "Yes" give date filed

DATE OF ARREST Month/Day/Year 7/10/2011

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year 7/15/2011

Name and Office of Person Furnishing Information on this form MELINDA HAAG
☑ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) TAMARA WEBER, SAUSA

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:
☐ SUMMONS ☑ NO PROCESS* ☐ WARRANT Bail Amount: _____

If Summons, complete following:
☐ Arraignment ☐ Initial Appearance

Defendant Address:

** Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment*

Date/Time: _____ Before Judge: _____

Comments:

ATTACHMENT TO PENALTY SHEET

UNITED STATES v. EDUARD ARAKELYAN
CR 4-11-70780 MAG

Count One: 18 U.S.C. § 1349: Conspiracy to Commit Bank Fraud

Penalties: (Class B Felony)
30 years imprisonment;
$1,000,000 fine;
Five years supervised release;
$100 special assessment.

Count Two: 18 U.S.C. § 1344(1) and (2): Bank Fraud; Aiding and Abetting

Penalties: (Class B Felony)
30 years imprisonment
$1,000,000 fine;
Five years supervised release;
$100 special assessment.

Count Three: 18 U.S.C. §§ 1028A(a)(1) and 2: Aggravated Identity Theft; Aiding and Abetting

Penalty: 2 years imprisonment, consecutive to underlying sentence of 18 U.S.C. § 1344.

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☑ INFORMATION ☐ INDICTMENT ☐ SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

OFFENSE CHARGED

SEE ATTACHMENT

☐ Petty
☐ Minor
☐ Misde-meanor
☑ Felony

PENALTY:
SEE ATTACHMENT

DEFENDANT

ARMAN VARDARNYAN

FILED MAR 5 2012 RICHARD W. WIEKING CLERK, U.S. DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA OAKLAND

DISTRICT COURT NUMBER

CR12-00153 CW

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
UNITED STATES SECRET SERVICE

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:
☐ U.S. ATTORNEY ☐ DEFENSE
SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under
MAGISTRATE CASE NO. CR 4-11-70081-MAG

DEFENDANT

IS *NOT* IN CUSTODY

1) ☐ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☑ Is on Bail or Release from (show District)
Los Angeles District on Electronic Monitoring

IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction ☐ Federal ☐ State

6) ☐ Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No — If "Yes" give date filed

DATE OF ARREST Month/Day/Year 7/10/2011

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year 7/15/2011

Name and Office of Person Furnishing Information on this form MELINDA HAAG
☑ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) TAMARA WEBER, SAUSA

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:
☐ SUMMONS ☑ NO PROCESS* ☐ WARRANT Bail Amount: _____

If Summons, complete following:
☐ Arraignment ☐ Initial Appearance

Defendant Address:

** Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment*

Date/Time: _____ Before Judge: _____

Comments: _____

ATTACHMENT TO PENALTY SHEET

UNITED STATES v. ARMAN VARDARNYAN
CR 4-11-70781 MAG

Count One: 18 U.S.C. § 1349: Conspiracy to Commit Bank Fraud

Penalties: (Class B Felony)
30 years imprisonment;
$1,000,000 fine;
Five years supervised release;
$100 special assessment.

Count Two: 18 U.S.C. § 1344(1) and (2): Bank Fraud; Aiding and Abetting

Penalties: (Class B Felony)
30 years imprisonment
$1,000,000 fine;
Five years supervised release;
$100 special assessment.

Count Three: 18 U.S.C. §§ 1028A(a)(1) and 2: Aggravated Identity Theft; Aiding and Abetting

Penalty: 2 years imprisonment, consecutive to underlying sentence of 18 U.S.C. § 1344.

MELINDA HAAG (CABN 132612)
United States Attorney

FILED
MAR 5 2012
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

CW

UNITED STATES OF AMERICA, Plaintiff, v. EDUARD ARAKELYAN, and ARMAN VARDANYAN, Defendants.	Criminal No. CR12-00153 VIOLATIONS: 18 U.S.C. § 1349 - Conspiracy to Commit Bank Fraud; 18 U.S.C. § 1344 - Bank Fraud; 18 U.S.C. § 1028A - Aggravated Identity Theft

INFORMATION

The United States charges that, at all relevant times:

INTRODUCTORY ALLEGATIONS

1. In or about May 2011, law enforcement discovered that approximately 94,000 debit and credit card account numbers had been compromised by customers' use of their debit and credit cards at Michaels Stores, Inc. ("Michaels") across the United States.

2. The perpetrators replaced about 84 authentic Personal Identification Number ("PIN") Pads in 84 different Michaels stores across 19 states. Each replacement counterfeit PIN Pad had the ability to record and store information from each swiped credit or debit card, and was

equipped with bluetooth technology whereby the perpetrators could wirelessly retrieve the stored account numbers and PINs without having to retrieve the counterfeit PIN Pads.

3. After this, financial institutions reported tens of thousands of incidents of fraudulent activity linked to customers who had visited the affected Michaels stores. These financial institutions include, but are not limited to, Wells Fargo, NA, Maquoketa State Bank, and Bankers Trust.

4. Defendant EDUARD ARAKELYAN ("ARAKELYAN"), a resident of North Hollywood, California, and defendant ARMAN VARDANYAN ("VARDANYAN"), a resident of Montebello, California, attempted and conspired to execute a scheme and artifice to defraud various financial institutions throughout the United States by using the financial information obtained through the placement of PIN pads in Michaels stores.

5. During the time period of the conspiracy:

a. Wells Fargo, NA, was a financial institution with offices located throughout the United States, including in the State of California, whose deposits were insured by the Federal Deposit Insurance Corporation ("FDIC").

b. Maquoketa State Bank was a financial institution with offices located in the State of Iowa, whose deposits were insured by the FDIC.

c. Bankers Trust was a financial institution with offices located in the State of Iowa, whose deposits were insured by the FDIC.

d. Citibank was a financial institution with offices located in the State of California, whose deposits were insured by the FDIC.

6. The term "counterfeit access device" means any access device that is counterfeit, fictitious, altered, or forged, or an identifiable component of an access device or a counterfeit access device.

7. The term "unauthorized access device" means any access device that is lost, stolen, expired, revoked, canceled, or obtained with intent to defraud.

//

//

CONSPIRACY

COUNT ONE: (18 U.S.C. § 1349 - Conspiracy to Commit Bank Fraud)

THE SCHEME TO DEFRAUD

8. Beginning in or about May 2011, and continuing until on or about July 10, 2011, in Contra Costa County, within the Northern District of California, and elsewhere, the defendants,

EDUARD ARAKELYAN and
ARMAN VARDANYAN,

together with others known and unknown to the grand jury, did knowingly conspire to execute a scheme and artifice to defraud financial institutions, the deposits of which were then insured by the FDIC, and to obtain money and property owned by and under the care, custody, and control of financial institutions, including but not limited to Wells Fargo, NA, Maquoketa State Bank, Bankers Trust and Citibank, among others, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Codes, Sections 1344(1) and (2).

MANNER AND MEANS

9. The defendants and others achieved and attempted to achieve the objectives of the conspiracy using the following methods and means, among others:

a. Defendants ARAKELYAN and VARDANYAN possessed 952 blank gold and silver counterfeit access devices re-encoded with at least 943 real persons' financial institution account numbers. On each counterfeit card was a four-digit PIN handwritten in pen, corresponding to each real person's true PIN. Both the PINs and the account numbers had been previously stolen along with the account numbers.

b. Defendants ARAKELYAN, VARDANYAN, and others used stolen account numbers, PINs, and means of identifications of other real persons with the purpose and intent of defrauding the various financial institutions who issued them. Defendants ARAKELYAN and VARDANYAN approached Automated Teller Machines ("ATMs") and used these unauthorized access devices to withdraw funds from multiple stolen accounts. One of

these ATMs was Citibank, an FDIC-insured financial institution, located at 700 Contra Costa Boulevard, Pleasant Hill, California.

c. Defendants ARAKELYAN and VARDANAYN possessed two loaded firearms (a Beretta 9mm pistol and a .40 caliber Glock 23 pistol) to protect themselves from theft given the large amount of cash that they had stolen and intended to steal.

d. Defendants ARAKELYAN and VARDANYAN possessed and used a Global Positioning System ("GPS") navigation device to identify and target financial institutions that they intended to defraud. The GPS device had stored on it ATM locations in Northern California where defendants ARAKELYAN and VARDANYAN intended to, and did, unlawfully withdraw money from financial institutions that had issued the account numbers.

e. Defendants ARAKELYAN and VARDANYAN possessed and used eight (8) mobile telephones to communicate with other members of the conspiracy in furtherance of the conspiracy.

f. Defendants ARAKELYAN and VARDANYAN drove to ATMs in the Northern District of California with the intent and purpose of withdrawing money with the re-encoded cards from the stolen account numbers.

g. Defendants ARAKELYAN and VARDANYAN possessed $56,599 in cash unlawfully obtained from financial institutions.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO: (18 U.S.C. §§ 1344 & 2 - Bank Fraud and Aiding and Abetting)

10. Paragraphs 1 through 9 of this Information are re-alleged as if fully set forth herein.

11. On or about July 10, 2011, in the Northern District of California, the defendants,

EDUARD ARAKELYAN and
ARMAN VARDANYAN,

did knowingly execute and attempt to execute a scheme and artifice (1) to defraud financial institutions and (2) to obtain money and property under the care, custody, and control of Bankers Trust, a financial institution insured by the FDIC, by means of materially false and fraudulent

pretenses, representations, and promises, by knowingly possessing and using a means of identification of a real person, that is stolen financial institution account number 4270-9600-XXXX-XXXX, issued by Bankers Trust, coded onto a counterfeit access device, and stolen PIN XXX1 to withdraw $500 from an ATM.

All in violation of Title 18, United States Code, Sections 1344(1), (2) & 2.

COUNT THREE: (18 U.S.C. §§ 1028A & 2 - Aggravated Identity Theft and Aiding and Abetting)

12. Paragraphs 1 through 9 of this Information are realleged as if fully set forth herein.

13. On or about July 10, 2011, in the Northern District of California, the defendants,

EDUARD ARAKELYAN and
ARMAN VARDANYAN,

did knowingly possess, and use, without lawful authority, a means of identification of another person, specifically, the account number 4229-5900-XXXX-XXXX and PIN number XXX2 that they knew was issued to a real person, during and in relation to a felony violation of

//
//
//
//
//
//
//
//
//
//
//
//
//
//

Title 18, United States Code, Sections 1344(1) and (2).

All in violation of Title 18, United States Code, Section 1028A.

DATED: March 2, 2012.

MELINDA HAAG
United States Attorney
Northern District of California

DENIS McINERNEY
Chief, Fraud Section
Criminal Division
U.S. Department of Justice

By: MAUREEN BESSETTE
Chief, Oakland Branch

(Approved as to form:)
TAMARA WEBER
Special Assistant United States Attorney

(Approved as to form:)
PAUL ROSEN
Trial Attorney
Fraud Section, Criminal Division
U.S. Department of Justice

FILED
MAR 5 2012
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

United States District Court
Northern District of California

CRIMINAL COVER SHEET

Instructions: Effective January 3, 2012, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case. Please place this form on top of the Defendant Information Form.

Case Name:
USA v. EDUARD ARAKELYAN, et al.

Case Number: CR12-00153 [redacted] CW

Total Number of Defendants:
1 _____ 2-7 ✓ 8 or more _____

Is This Case Under Seal?
Yes _____ No ✓

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?
Yes _____ No ✓

Venue (Per Crim. L.R. 18-1):
SF _____ OAK ✓ SJ _____

Is this a death-penalty-eligible RICO Act gang case?
Yes _____ No ✓

Assigned AUSA (Lead Attorney):
SAUSA TAMARA WEBER

Comments:

Date Submitted:
3/5/2012

December 2011

PRINT