



Department of Justice

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INDICTMENT HANDED DOWN IN MAJOR ATM SKIMMING OPERATION

Two Defendants Arrested with 80 Cards Altered to Include Customer Account Information

Atlanta, GA - NIKOLAY NIKOLOV, 23, and YORDAN KAVAKLOV, 29, both of Bulgaria, have been indicted by a federal grand jury on multiple felony charges for conspiring to steal the bank card numbers and passwords of dozens of individuals through the use of a skimming device the defendants allegedly connected to ATM's in the metro Atlanta area. NIKOLOV and KAVAKLOV are expected to make an initial appearance/bond hearing/arraignment before a United States Magistrate Judge later this week.

United States Attorney David E. Nahmias said of the case, "These defendants allegedly stole the bank card numbers and passwords from dozens, if not hundreds, of unsuspecting individuals in the metro Atlanta area by recording their ATM transactions with an illegal skimming device. Such illegal intrusion into private financial transactions threatens the savings, credit, and peace of mind of its victims. Law enforcement agencies report that criminals are increasingly attempting to perpetuate ATM skimming fraud in the Atlanta area. We are committed to pursuing and prosecuting those responsible for these disturbing crimes."

Jeffrey Gilbert, Special Agent in Charge of the United States Secret Service, Atlanta Field Office, said, "Protecting the integrity of our financial institutions and the public's trust in our banking institutions is an investigative priority of the United States Secret Service. Illegal skimming for personal gain is a 'high tech' crime and we have adapted our technology and assets to further the investigations of this specific type of electronic crime. With the help of our local, state and federal law enforcement partners, those individuals and organized groups who engage in ATM fraud and skimming will be investigated, apprehended, and prosecuted."

According to United States Attorney Nahmias, the charges and other information presented in court: From at least September 2008 to November 5, 2008, NIKOLOV and KAVAKLOV allegedly used an illegal skimming device to steal thousands of dollars

from bank customers by connecting a skimming device to Bank of America automated teller machines (ATM's) in the metro Atlanta area. When a customer used the ATM with the skimming device installed, the device would electronically record the customer's debit card number and a small camera in the device would video record the ATM keyboard as the customer entered his or her password.

NIKOLOV and KAVAKLOV then downloaded the information to a computer and sent it by email to foreign email accounts believed to be located in Russia and Bulgaria. The defendants would receive an email in return attaching a list of bank debit card numbers and passwords. The investigation has revealed that the defendants received account information for individuals living outside Georgia even though they transmitted information from the skimming device they used in Georgia and elsewhere. The defendants allegedly uploaded the account information they received onto the magnetic stripes of inactivated gift cards they had stolen from Bass Pro Shops, Cabela's, and Sears. They then used the altered cards at metro Atlanta ATMs to withdraw money from the accounts of the customers whose debit card numbers and passwords had been obtained from the fraudulent skimming operation.

On November 6, 2008, Cobb County police officers arrested the defendants at a Bank of America ATM on Windy Hill Road in Marietta after two citizens reported suspicious behavior, including that the defendants were using multiple cards to withdraw money from both the walk-up and drive-in ATMs. At the time of their arrest, the defendants were allegedly in possession of 80 stolen gift cards with altered magnetic stripes and passwords written on the face of the cards. An initial search of the defendants, their car, and hotel room uncovered the cards and over \$30,000 in cash, the vast majority in \$20 bills. A later search uncovered another \$27,000 in cash, all in \$20 bills, located in a plastic bag stored inside the door panel of the defendants' Jaguar. Cobb County law enforcement investigators also seized the skimming device, a magnetic stripe card reader/writer, computers, and other equipment used in the conspiracy following the defendants' arrest.

The United States Attorney's Office is in the process of notifying the individuals whose bank account information was found in the possession of NIKOLOV and KAVAKLOV at the time of their arrest. The investigation is ongoing.

The indictment charges 14 counts of conspiracy, access device fraud, and aggravated identity theft. The charges carry a maximum sentence of 60 years in prison, with a mandatory minimum sentence of 2 years for the aggravated identity theft counts, and a fine of up to \$250,000 per count.

Members of the public are reminded that the indictment contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by Special Agents of the United States Secret Service, investigators of the Cobb County Sheriff's Office, and officers with the Cobb County Police Department.

Assistant United States Attorney Stephen H. McClain is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.