GSG/2011R01361

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Criminal No. 14-
	:	
OLEKSIY SHARAPKA,	:	18 U.S.C. §§ 371, 1028A(a)(1),
LEONID YANOVITSKY,	:	1349 and § 2
a/k/a "Lenny," and	:	
RICHARD GUNDERSEN	:	

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

Count One
(Wire Fraud Conspiracy)

Relevant Entities and Individuals

1. At all times relevant to this Indictment:

a. Defendant OLEKSIY SHARAPKA was a resident of Kiev, Ukraine, and the leader of the "Sharapka Cash Out Organization," a criminal enterprise that operated a large-scale computer hacking and identity theft scheme from at least as early as in or about March 2012 through in or about June 2013. Pursuant to the scheme, defendant SHARAPKA and his co-conspirators opened up bank accounts and obtained pre-paid debit cards in the names of identity theft victims (the "Fraudulent Accounts"), which they funded by, among other means, fraudulently diverting funds from victims' bank accounts through computer hacking, or with the proceeds of fraudulent tax returns they caused to be filed with the Internal Revenue Service ("IRS") in

the names of identity theft victims. Thereafter, defendant SHARAPKA and his co-conspirators "cashed out" the Fraudulent Accounts and shared the illicit proceeds.

b. Defendant LEONID YANOVITSKY, a/k/a "Lenny," was a resident of Kiev, Ukraine, and assisted defendant SHARAPKA in managing the Sharapka Cash Out Organization by, among other things, tracking the Fraudulent Accounts used by the organization and receiving overseas wires from co-conspirators in the United States.

c. Co-conspirator "O.P.," not named as a defendant herein, was a resident of Brooklyn, New York, who managed a "cash out crew" for the Sharapka Cash Out Organization that cashed out Fraudulent Accounts in and around the New York City area.

d. Defendant RICHARD GUNDERSEN was a resident of Brooklyn, New York, who worked as a "casher" under co-conspirator O.P.'s supervision from in or about May 2012 through in or about October 2012.

e. Co-conspirator "R.D," not named as a defendant herein, was a resident of Malden, Massachusetts, who managed a cash out crew for the Sharapka Cash Out Organization that cashed out Fraudulent Accounts in and around Massachusetts.

f. Co-conspirator "A.S.," not named as a defendant herein, was a resident of Ukraine, who assisted defendant SHARAPKA in managing the Sharapka Cash Out Organization by, among other things, tracking bank accounts and pre-paid debit cards used by the organization.

g. Co-conspirator "A.Y.," not named as a defendant herein, was a resident of Atlanta, Georgia, who operated a cash out crew in Georgia for the Sharapka Cash Out Organization.

h. During the course of the conspiracy, defendant SHARAPKA and his co-conspirators targeted the customers of over a dozen financial institutions, retail brokerage firms, financial services companies, accounting firms, and payroll processing companies (collectively, the "Victim Companies"), including the following:

i. Automatic Data Processing, Inc. ("ADP") was a victim company headquartered in New Jersey, and was one of the world's largest providers of outsourcing solutions for human resources, payroll, and tax administration services. Among other services, ADP offered its customers the ability to manage their payroll accounts over the Internet. ADP customers could, for example, access ADP's website and, through the use of account log-in credentials, add employees to their payroll. Similarly, ADP customers could use ADP's website to direct that money (*i.e.*, salary) be directly transferred from their bank accounts to their employees, or from their bank accounts to ADP and then to their employees, depending on how their accounts with ADP were set up. One of the ways in which an ADP customer's employee could receive payroll was by directing their payroll onto pre-paid debit cards.

ii. JP Morgan Chase Bank, N.A. ("Chase") was a victim company headquartered in New York that, among other things, provided

personal banking services to its customers. One of the features that Chase offered its customers was online access to their personal banking accounts.

iii. Fundtech Holdings LLC ("Fundtech") was a victim company headquartered in New Jersey that offered its clients, among other things, an online bill payment system called "Modern Payments." Modern Payments enabled Fundtech's clients to both collect bill payments and issue refunds to their customers online. Municipalities such as the city of Evans, Colorado (the "City of Evans") used the Modern Payments platform to collect utilities payments and to issue refunds for utilities overpayments to its customers.

2. From at least as early as in or about March 2012 through in or about June 2013, in the District of New Jersey and elsewhere, defendants

OLEKSIY SHARAPKA,
LEONID YANOVITSKY,
a/k/a "Lenny," and
RICHARD GUNDERSEN,

did knowingly and intentionally conspire and agree with each other, and others known and unknown, to devise a scheme and artifice to defraud the Victim Companies and their customers, as well as the IRS, and to obtain money and property from the Victim Companies and their customers, as well as the IRS, by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain signs, signals, and sounds, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

3. The object of the conspiracy was for defendants SHARAPKA, YANOVITSKY, GUNDERSEN, and others to enrich themselves by: (1) compromising the account and personal identifying information of individuals through various means; (2) diverting money from victims' bank accounts to the Fraudulent Accounts, which they subsequently cashed out; and (3) filing fraudulent tax returns claiming refunds in the names of identity theft victims and directing those refunds to the Fraudulent Accounts, which they subsequently cashed out.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that international computer hackers working for the Sharapka Cash Out Organization first compromised the log-in credentials (*e.g.*, usernames and passwords) of customers of the Victim Companies, using hacking methods directed primarily at the Victim Companies' customers.

5. It was further part of the conspiracy that the computer hackers used the compromised log-in credentials to gain unauthorized access to the customers' accounts at the Victim Companies.

6. It was further part of the conspiracy that the computer hackers diverted money from the compromised accounts to Fraudulent Accounts controlled by the Sharapka Cash Out Organization.

7. It was further part of the conspiracy that after the funds had been diverted, defendant SHARAPKA directed individuals in the United States to

cash out the Fraudulent Accounts by, among other things, conducting Automated Teller Machine ("ATM") withdrawals and fraudulent purchases.

8. It was further part of the conspiracy that from at least as early as in or about October 2011 through in or about June 2013, defendant SHARAPKA and others compromised the personal identifying information of individuals, and used the compromised information to file fraudulent tax returns claiming refunds with the IRS. Those refunds were also directed to the Fraudulent Accounts and cashed out in the manner described above.

9. It was further part of the conspiracy that the majority of the illicit proceeds generated by the Sharapka Cash Out Organization's operations flowed up from the cashers to their managers, and then to the higher levels of the operation. The cashers often transferred funds from the United States to defendant SHARAPKA and other co-conspirators overseas using international wire transfer services, among other methods. In total, defendant SHARAPKA and his co-conspirators attempted to defraud the Victim Companies, their customers, and the IRS of in excess of approximately $15 million during the scheme.

Fraudulent Activity

10. In furtherance of the conspiracy and to effect the unlawful objects thereof, defendants SHARAPKA, YANOVITSKY, GUNDERSEN, and others committed and caused to be committed the following acts, among others:

A. Fraudulent Transfers from the Accounts of ADP Customers

11. From in or about October 2011 through in or about June 2013, hackers obtained the account log-in credentials of ADP customers from the customers themselves (not through ADP), using a variety of unlawful means. Next, the hackers used the fraudulently obtained log-in credentials to access the customers' accounts, which were hosted on ADP computer servers, located in New Jersey, Georgia and South Dakota. Using these methods, the hackers gained control of the accounts of over 130 ADP customers. Thereafter, they attempted to divert millions of dollars from those accounts by transferring and attempting to transfer money from the compromised customer accounts at ADP to the Fraudulent Accounts. After funds had been successfully diverted to the Fraudulent Accounts, defendants SHARAPKA and YANOVITSKY directed co-conspirators O.P, R.D, and A.Y., and others to cash out the Fraudulent Accounts, deduct a fee, and return the balance of the proceeds to them in Ukraine. In total, defendant SHARAPKA and his co-conspirators attempted to transfer approximately $5.75 million from the accounts of ADP customers in this manner, and successfully transferred approximately $700,000 to the Fraudulent Accounts, which they subsequently cashed out.

12. For example, between on or about May 7, 2012, and on or about May 10, 2012, defendant SHARAPKA and co-conspirator R.D. exchanged information regarding a number of pre-paid debit cards opened in the names of identity theft victims, including a pre-paid debit card ending in 3027 in the name of "N.C." (the "N.C. 3027 Card"), which was opened without N.C.'s

knowledge or consent. Thereafter, in or about June 2012, defendant SHARAPKA and others compromised the account of ADP customer "B&S," and attempted to transfer funds belonging to B&S to the N.C. 3027 Card. Subsequently, in or about June 2012, defendant SHARAPKA and others also attempted to transfer funds belonging to B&S to a pre-paid debit card ending in 2123 in the name of "A.S." (the "A.S. 2123 Card"), which was opened without A.S.'s knowledge or consent. Both transfers, however, were stopped by ADP.

13. On or about September 6, 2012, defendant SHARAPKA forwarded defendant YANOVITSKY a Microsoft Excel spreadsheet containing a list of 300 pre-paid debit cards opened in the names of other individuals, including known identity theft victims, being used by the Sharapka Cash Out Organization to receive fraudulent transfers. The name "oleg," a reference to co-conspirator O.P., appeared next to approximately 60 of these cards, including the A.S. 2123 Card discussed above. The name "bob," a reference to co-conspirator R.D., appeared next to approximately 28 of these cards, including the N.C. 3027 Card discussed above. Both the A.S. 2123 Card and the N.C. 3027 card received multiple fraudulent transfers from customer accounts at the Victim Companies.

B. Fraudulent Transfers from Chase Bank Accounts

14. Between in or about October 2012 and in or about April 2013, hackers transferred funds from customer accounts at Chase Bank to the Fraudulent Accounts, including multiple pre-paid American Express debit cards controlled by the Sharapka Cash Out Organization.

15. For example, on or about February 18, 2013, defendant SHARAPKA e-mailed co-conspirator O.P. information related to approximately 11 pre-paid AMEX debit cards (the "Fraudulent AMEX Pre-paid Cards") opened in the names of identity theft victims, which were used to receive fraudulent transfers from customer accounts at Chase Bank. The list included a pre-paid AMEX debit card in the name of "R.M." (the "R.M. Amex Card"), which was opened without R.M.'s knowledge or consent.

16. In or about February 2013, defendant SHARAPKA and his co-conspirators caused a number of fraudulent transfers from customer accounts at the Victim Companies to the R.M. Amex Card. Thereafter, on or about February 20, 2013, co-conspirator O.P. made a cash withdrawal at an ATM located in and around Brooklyn, New York, using the R.M. Amex Card.

17. As another example, between in or about October 2012 and in or about November 2012, defendant YANOVITSKY, defendant SHARAPKA, and co-conspirator A.S. exchanged a number of e-mails related to the Fraudulent AMEX Pre-paid Cards. At the time, they also exchanged information related to co-conspirator A.Y., including an e-mail dated on or about November 29, 2012, in which defendant YANOVITSKY e-mailed defendant SHARAPKA a photograph of co-conspirator A.Y.; the subject of the e-mail was "picture for id." Thereafter, from in or about November 2012 through in or about January 2013, co-conspirator A.Y. cashed out a number of the Fraudulent AMEX Pre-paid Cards at ATMs in and around Georgia.

C. Fraudulent Transfers from Fundtech Customers

18. From in or about November 2012 through in or about December 2012, hackers caused approximately $330,000 in unauthorized rebates to be issued through the Fundtech Modern Payments platform by compromising the log-in credentials of Fundtech customers. Many of these unauthorized rebates were sent to Fraudulent Accounts controlled by the Sharapka Cash Out Organization, including to a business bank account ending in 8175 in the name of company "A.C.C.," which was opened at a bank in Brooklyn, New York (the "A.C.C. 8175 Account") in or about September 2012 by defendant GUNDERSEN, using the name and social security number of identity theft victim "S.W.C."

19. Thereafter, co-conspirator O.P. and others, including defendant GUNDERSEN, cashed out Fraudulent Accounts that had received money from Fundtech customers. For example, on or about December 9, 2012, co-conspirator O.P. withdrew approximately $480.00 in cash from an ATM in Mt. Pocono, Pennsylvania, from the A.C.C. 8175 Account.

D. Fraudulent IRS Refunds

20. From between in or about March 2012 through in or about September 2012, defendant SHARAPKA and his co-conspirators caused fraudulent tax returns claiming refunds in the names of identity theft victims to be submitted to the IRS. The refunds were also directed to Fraudulent Accounts controlled by the Sharapka Cash Out Organization. In total, defendant SHARAPKA and his co-conspirators attempted to obtain

approximately $500,000 in fraudulent tax refunds in this manner, and successfully directed approximately $200,000 in fraudulent refunds to Fraudulent Accounts, which they subsequently cashed out.

21. For example, on or about September 6, 2012, defendant YANOVITSKY e-mailed defendant SHARAPKA a spreadsheet containing pre-paid debit card information related to cards that, among other things, received fraudulent IRS tax refunds, including the following pre-paid debit cards opened in the names of identity theft victims without their knowledge or consent: a pre-paid debit card ending in 7786 in the name of "S.T.," a pre-paid debit card ending in 7505 in the name of "N.C.," and a pre-paid debit card ending in 9410 in the name of "S.B."

22. As another example, on or about May 30, 2012, defendant GUNDERSEN opened a Chase Bank account ending in 3889 in the name of identity theft victim "R.M." (the "R.M. 3889 Account"), using a fraudulent Florida driver's license with his photo and R.M.'s name. Thereafter, the Sharapka Cash Out Organization transferred money from approximately 20 fraudulent IRS tax refunds to the R.M. 3889 Account, including approximately $20,000 in fraudulent IRS tax refunds between in or about June 2012 and in or about July 2012. Following these transfers, defendant GUNDERSEN and co-conspirator O.P. cashed out the account by making a series of ATM withdrawals in and around Brooklyn, New York.

E. The Proceeds of the Fraud

23. The Sharapka Cash Out Organization used a variety of means to transfer the proceeds of their fraud overseas.

Direct Overseas Transfers

a. On multiple occasions throughout 2012, co-conspirators O.P., R.D., and others wired the illicit proceeds of the scheme directly to defendant SHARAPKA in Ukraine, or directed others to do the same. For example, on or about May 5, 2012, co-conspirator O.P. sent approximately $740 from a store in Brooklyn, New York to defendant SHARAPKA in Ukraine, using Moneygram.

b. On or about June 26, 2012, co-conspirator R.D. sent approximately $2,000 from a convenience store in Malden, Massachusetts to defendant SHARAPKA in Ukraine, using Moneygram.

c. On or about August 13, 2012, another co-conspirator, using the name "N.C." sent approximately $2,000 from a convenience store in Salem, Massachusetts to defendant SHARAPKA in Ukraine, using Moneygram.

The "Mirku 0414 Account" and the "Kumir 0443 Account"

d. In addition, defendant SHARAPKA directed members of the Sharapka Cash Out Organization to move the fraud proceeds through bank accounts they controlled in the names of Mirku, Inc. ("the "Mirku 0414 Account") and Kumir, Inc. (the "Kumir 0443 Account"). Specifically, in or about October 2012, defendant SHARAPKA e-mailed co-conspirators O.P. and R.D. the account information for the Mirku 0414 Account and the Kumir 0443

Account, and directed them to make cash deposits under $10,000 into those accounts. Thereafter, co-conspirators O.P. and R.D., and others made a number of cash deposits under $10,000 into the Mirku 0414 Account and the Kumir 0443 Account.

e. For example, between in or about June 2012 and in or about March 2013, the Sharapka Cash Out Organization made approximately 50 cash and money order deposits – each slightly under $10,000 – into the Mirku 0414 Account for a total of approximately $450,000. After being deposited in the Mirku 0414 Account, the funds were moved or wired to other accounts. During that same period, the Sharapka Cash Out Organization made approximately 75 cash and money order deposits – each slightly under $10,000 – into the Kumir 0443 Account for a total of approximately $700,000. After being deposited in the Kumir 0443 Account, the funds were moved or wired to other accounts.

In violation of Title 18, United States Code, Section 1349.

Count Two
(Conspiracy to Commit Access Device Fraud and Identity Theft)

1. The allegations set forth in Paragraphs 1 and 4 through 23 of Count One above are hereby repeated, realleged and incorporated as if set forth in full herein.

2. From at least as early as in or about March 2012 through in or about June 2013, in the District of New Jersey and elsewhere, defendants

OLEKSIY SHARAPKA,
LEONID YANOVITSKY,
a/k/a "Lenny," and
RICHARD GUNDERSEN

did knowingly and intentionally conspire and agree with each other, and others known and unknown to commit offenses against the United States, namely, to:

(a) knowingly, and with intent to defraud, traffic in and use one or more unauthorized access devices during a one-year period, and by such conduct obtain anything of value aggregating $1,000 or more during that period in violation of Title 18, United States Code, Section 1029(a)(2); and

(b) knowingly transfer, possess, and use without lawful authority, a means of identification of another person with the intent to commit, and aid and abet, access device fraud and wire fraud, in violation of Title 18, United States Code, Section 1028(a)(7).

Object of the Conspiracy

3. The object of the conspiracy was for defendants SHARAPKA, YANOVITSKY, GUNDERSEN, and others to enrich themselves by: (1) compromising the account and personal identifying information of individuals

through various means; (2) diverting money from victims' bank accounts to the Fraudulent Accounts, which they subsequently cashed out; and (3) filing fraudulent tax returns claiming refunds in the names of identity theft victims and directing those refunds to the Fraudulent Accounts, which they subsequently cashed out.

Overt Acts

4. In furtherance of the conspiracy and to effect the unlawful objects thereof, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. In or about June 2012, defendant SHARAPKA and his co-conspirators attempted to fraudulently transfer money from the account of ADP customer B&S.

b. On or about June 27, 2012, defendant SHARAPKA sent an e-mail to co-conspirator O.P. concerning pre-paid debit cards opened in the names of identity theft victims.

c. On or about October 18, 2012, defendant YANOVITSKY sent defendant SHARAPKA an email concerning money transfers.

d. On or about November 29, 2012, defendant YANOVITSKY e-mailed defendant SHARAPKA a photograph of co-conspirator A.Y.

e. On or about May 30, 2012, defendant GUNDERSEN opened a fraudulent Chase Bank account ending in 3889 in the name of identity theft victim "R.M."

In violation of Title 18, United States Code, Section 371.

Count Three
(Aggravated Identity Theft)

1. The allegations set forth in Paragraphs 1 and 4 through 23 of Count One above are hereby repeated, realleged and incorporated as if set forth in full herein.

2. In or about May 2012, in the District of New Jersey, and elsewhere, defendant

OLEKSIY SHARAPKA

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely a document containing the names of identity theft victims, including Victim "N.C.," during and in relation to a felony violation of a provision contained in chapter 63, United States Code, that is, conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, charged in Count One of this Indictment.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Title 18, United States Code, Section 2.

Count Four
(Aggravated Identity Theft)

1. The allegations set forth in Paragraphs 1 and 4 through 23 of Count One above are hereby repeated, realleged and incorporated as if set forth in full herein.

2. In or about September 2012, in the District of New Jersey, and elsewhere, defendant

LEONID YANOVITSKY,
a/k/a "Lenny,"

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely a document containing the names of identity theft victims, including Victim "N.C.," during and in relation to a felony violation of a provision contained in chapter 63, United States Code, that is, conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, charged in Count One of this Indictment.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Title 18, United States Code, Section 2.

Count Five
(Aggravated Identity Theft)

1. The allegations set forth in Paragraphs 1 and 4 through 23 of Count One above are hereby repeated, realleged and incorporated as if set forth in full herein.

2. From in or about September 2012 through in or about December 2012, in the District of New Jersey, and elsewhere, defendant

RICHARD GUNDERSEN

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely the name and social security number of identity theft victim "S.W.C," during and in relation to a felony violation of a provision contained in chapter 63, United States Code, that is, conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, charged in Count One of this Indictment.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Title 18, United States Code, Section 2.

Forfeiture Allegation

1. The allegations contained in this Indictment are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendants, that upon their conviction of the offenses charged in this Indictment, the government will seek forfeiture in accordance with Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses.

3. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described above.

A TRUE BILL

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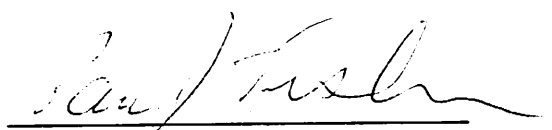
FOREPERSON



PAUL J. FISHMAN
United States Attorney

CASE NUMBER: _____

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

OLEKSIY SHARAPKA,
LEONID YANOVITSKY,
a/k/a "Lenny," and
RICHARD GUNDERSEN

INDICTMENT FOR

18 U.S.C. §§ 1349 and 371

A True Bill,

_____
Foreperson

PAUL J. FISHMAN
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

GURBIR S. GREWAL
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