

Examples of Internet Fraud

Auction/Retail Fraud

P High-Value Computers/Consumer Electronics

- ▶ U.S. v. Guest (C.D. Cal., sentenced Nov. 1, 1999) (31 auction users, \$36,000)
- ▶ U.S. v. Walker (N.D. Fla., indicted Feb. 22, 2000) (fugitive - apprehended) (more than \$50,000)
- ▶ U.S. v. Daniels (W.D. Wash., pleaded guilty May 26, 2000) (80 individuals, \$37,800)
- ▶ U.S. v. Lysz (E.D. Mich., complaint filed Sept. 12, 2000) (92 people in U.S. and other countries, \$54,000)

Examples of Internet Fraud

Auction/Retail Fraud (Continued)

P Beanie Babies and Other Collectibles

- ▶ U.S. v. Denlinger (S.D. Cal., pleaded guilty March 6, 2000) (more than 200 victims, nearly \$50,000)
- ▶ U.S. v. Campbell (W.D. La., pleaded guilty Oct. 2, 2000) (31 victims in U.S. and other countries, more than \$20,000 for Beanie Babies and computer merchandise)
- ▶ U.S. v. Vollbracht (D. Minn., sentenced Aug. 5, 1999) (18 months imprisonment) (counterfeit goods)

Examples of Internet Fraud

Securities and Other Investment Fraud

P Market Manipulation Schemes

- ▶ “Pump and Dump” Schemes
 - U.S. v. Aziz-Golshani (C.D. Cal., pleaded guilty 2000)
- ▶ “Cybersmear” Schemes
 - U.S. v. Moldofsky (S.D.N.Y., indicted 2000)

P Pyramid Schemes, Pre-IPO, Other

- ▶ U.S. v. Benson (N.D. Ohio, indicted March 22, 2000)
(pyramid scheme) (\$26 million)
- ▶ U.S. v. Antrim (C.D. Cal., indicted March 8, 2000)
(ostrich breeding) (83 investors, \$819,000)

Examples of Internet Fraud

Credit Card Fraud

P Acquisition of Credit Card Data by “Hacking”

- ▶ U.S. v. Pentchev (N.D. Cal.) (fugitive)

P Acquisition of Credit Card Data by “Social Engineering”

- ▶ “Systems Administrator”/”Security” Demands
- ▶ “Spoof Sites”

P Generation of Credit Card Numbers

- ▶ CreditMaster, Credit Wizard

Examples of Internet Fraud

Identity Theft

P Financial Institution Fraud

- ▶ U.S. v. Seitz (M.D. Fla., pleaded guilty/sentenced 2000) (SSN data obtained from public Web site, multiple car loans applied for online)
- ▶ U.S. v. Christian (D. Del., sentenced 2000) (military officers' SSN data obtained from public Web site, credit cards applied for)
 - Sentences: 33 and 41 months imprisonment, restitution

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Business Opportunity Schemes

P Work at Home Schemes

- ▶ U.S. v. Shklowskiy (C.D. Cal., 4 defendants pleaded guilty)

Examples of Internet Fraud

Systems Deception-Based Schemes

P Videotext Billing Schemes

- ▶ Verity International (S.D.N.Y., Oct. 2000)

P “Spoof Sites” Hijacking and Pirating

- ▶ U.S. v. Lee (D. Hawaii, indictment filed Dec. 9, 1999) (diverting users from honolulumarathon.org)
- ▶ U.S. v. Kashpureff (E.D.N.Y., information filed March 19, 1998) (diverting users from InterNIC)