

United States District Court

WESTERN

DISTRICT OF

PENNSYLVANIA

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

V.

CASE NUMBER:

05 017 M

MATTHEW Z. SCHMIEDER
3 Crailo Avenue, Apartment 1
Pittsburgh, PA 15210

(Name and Address of Defendant)

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. In and around January 2005, the exact date being unknown, in Allegheny county, in the

Western District of Pennsylvania defendant(s) did, (Track Statutory Language of Offense)

devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, and, for the purpose of executing said scheme and artifice, did transmit and cause to be transmitted by means of wire communication in interstate commerce writings, signs, signals and pictures.

in violation of Title 18 United States Code, Section(s) 1343.

I further state that I am a(n) FBI Special Agent and that this complaint is based on the following facts:

See attached affidavit.

Continued on the attached sheet and made a part hereof: Yes No


Signature of Complainant

Sworn to before me and subscribed in my presence,

January 13, 2005

Date

Robert C. Mitchell, U.S. Magistrate Judge

Name and Title of Judicial Officer

at Pittsburgh, Pennsylvania

City and State


Signature of Judicial Officer

AFFIDAVIT TO CRIMINAL COMPLAINT
MATTHEW Z. SCHMIEDER

I, Marc S. Southland, being first duly sworn say:

1. I am a Special Agent of the Federal Bureau of Investigation, and have been so employed since November 2004. I am presently assigned to the cyber squad of the Pittsburgh Office of the Federal Bureau of Investigation. I have been involved in the investigation of matters involving criminal intrusions of computer systems as it relates to violations of Title 18, United States Code, Section 1030. I have also been involved in criminal investigations involving wire fraud related to violations of Title 18, United States Code, Section 1343. Additionally, I have conducted searches relating to violations of Section 1343.

2. The information contained herein is known to me personally or was provided to me by Special Agent Scott Baugher of the Portland, Oregon division of the FBI.

3. On January 7, 2005, Mary Chaffin, legal counsel for Mercy Corps, located at 3015 SW 1st Avenue, Portland, Oregon, advised that she had received complaints involving a hypertext markup language (HTML) email that had been sent out purporting to be from Mercy Corps.

4. HTML email usually contains images. Those images are often referenced by their location on a web server, rather than attaching the messages directly to the email. This reduces the size of the email sent, which is particularly important when sending the email to many different recipients. The images are then downloaded from the server and shown on the recipient's

computer, when the message is opened by the recipient. The fraudulent email contained three such images linked to or referencing the Mercy Corps server in Portland, Oregon.

5. On the Mercy Corps site, the three images referenced in the email are not embedded or contained on the same page, meaning that while several pages on the Mercy Corps site may reference one or two of the images, none of the discreet or individual pages contain all three images that showed up in the email. Therefore, the only place those three images appear together is in the fraudulent email.

6. The email also contained a link entitled, "Please give now" that linked to a PayPal account associated with the email address "mercytsunamirelief@hotmail.com", which was clearly visible to SA Baugher in the HTML code for the link contained in the email, and is clearly visible on the PayPal page displayed once the link is followed to send money.

7. Chaffin stated that PayPal had been contacted, and verified that the mercytsunamirelief@hotmail.com account was a valid account, and that the account had a \$150.00 balance.

8. Doug Carter, the system administrator for Mercy Corps, was requested by Special Agent Baugher to search through the log files for the Mercy Corps web site, and identify the first few occurrences of requests for the three graphical elements in the fraudulent email. Based on Special Agent Baugher's experience, individuals who create HTML emails preview the email to be sure it looks correct before sending out the email. The first several

occurrences of a request for those graphics at the same time, for files that do not show up together on any page, should yield the IP address of the computer whereon the email is first being previewed. Carter identified the first occurrence of a simultaneous request for the three graphical elements as occurring on January 6, 2005 at 9:30:31 am PST. The requesting IP address was 67.165.86.191. According to the American Registry for Internet Numbers, 67.165.86.191 is registered to Comcast Cable Communications in Pennsylvania. Special Agent Baugher was able to verify Carter's findings.

9. PayPal provided the following information regarding the mercytsunamirelief@hotmail.com account. The registered account owner is Matthew Schmieder, 3 Crailo Avenue, Apt. 1, Pittsburgh, Pennsylvania 15210. The business name on the account is "Tsunami Relief" and lists the same address for the business contact. Registered telephone number is 412-884-7752. (Special Agent Baugher performed a reverse lookup of the registered phone number and learned that it comes back to Nikki Jackson, 3 Crailo Avenue, Pittsburgh, Pennsylvania 15210.) PayPal information also established the IP address used to access the PayPal account was 67.165.86.191. (This is the same IP address identified above by Carter as the first IP address to request the three graphic elements in the email at the same time.) PayPal also stated that there are two additional email addresses associated with the account in question, mercytsunamirelief@yahoo.com and mz_schmieder@yahoo.com.

10. Comcast Cable Corporation owns the particular block of IP addresses which incorporates 67.165.86.191 and has provided to Special Agent Baugher the following identifying information for the IP address 67.165.86.191:

Janice Jackson
3 Crailo Avenue
Apartment 1
Pittsburgh, PA 15210
Telephone: 412-884-7752

11. The National Crime Information Center (NCIC) provided the following vehicle information for Matthew Schmieder: 1989 Ford Coupe, Pennsylvania License Plate number FVL7345, expiration date 10/2005, registered at 3 Crailo Avenue, Apt. 1, Pittsburgh, Pennsylvania 15210. Affiant conducted surveillance of the area on January 12, 2005, and found this vehicle to be parked around the corner from the front entrance to the building.

12. Affiant interviewed Schmieder on January 13, 2005 during the execution of a search warrant. Schmieder stated that, approximately ten (10) days ago, he accessed image files on the Mercy Relief Fund website over the Internet from his Crailo Avenue apartment in Pittsburgh and used an HTML editing program and a web hosting tool to put them into an email message that he composed. Schmieder further stated that he copied soliciting language from the Mercy website into said email. Schmieder set up an email account, "mercytsunamirelief@hotmail.com", in his own name with Hotmail, and linked it to a PayPal account that he also set up in his own name. Schmieder stated that he then used an email "harvesting" program to gather approximately 800,000 target email

addresses, and then used a spam program called "Bulker" to send the above-referenced email through approximately 200 "proxy" computers (proxy computers are compromised computers used to distribute spam) to the 800,000 email addresses. Schmieder also stated that he had begun to receive contributions as a result of the solicitation that were deposited into his PayPal account when that account was frozen because of suspected fraud. I was advised by Special Agent Thomas Grasso that Schmieder stated initially that he thought it would be okay to keep the funds for his own use if he gave some of the contributions to charity. Subsequently, Schmieder stated that he intended to use the money to fix his car and to pay some bills because "everybody needs money."

The above information is true and correct to the best of my knowledge, information and belief.



Marc S. Southland, Special Agent
Federal Bureau of Investigation

Sworn and subscribed before me
this 13 day of Jan, 2005.


UNITED STATES MAGISTRATE JUDGE