

HIGH TECHNOLOGY THEFT APPREHENSION & PROSECUTION PROGRAM PROGRESS REPORT

This Progress Report reflects and addresses both the High Technology Apprehension Grant and the Identify Theft Grant. The report does distinguish between the two grants where necessary.

PERSONNEL

Positions Authorized in Grant Award Agreement:

Name of Staff	Position	Duties	Full-Time Equivalency (% of FTE)
Lt. David Hendrickson	Project Director	Manager/ Administrator	100
Sgt. Mike Mattocks	Operations Manager	Lead Supervisor	100
Sgt. Kenneth Miller	Team Supervisor	Supervision/Investigator	100
Sgt. Ken Taylor	Team Supervisor	Supervision/Investigator	100
Sgt Drew Vasquez	Investigator	Criminal Investigations	100
Rick Babwin	Investigator	Criminal Investigations	100
Brian Randall	Investigator	Criminal Investigations	100
Matt Broad	Investigator	Criminal Investigations	100
David Hewitt	Investigator	Criminal Investigations	100
Josh McFall	Investigator	Criminal Investigations	100
Wendy Espinoza	Investigator	Criminal Investigations	100
Al Corona	Investigator	Criminal Investigations	100
Ray Hernandez	Investigator	Criminal Investigations	100
Dan Clark	Investigator	Criminal Investigations	100
Marshall Norton	Investigator	Criminal Investigations	100
Terrell Coleman	Investigator	Criminal Investigations	100
Walter Rosales	Investigator	Criminal Investigations	100
USSS Tom Daurelio	Investigator	Criminal Investigations	50
USSS Paul Grimm	Investigator	Criminal Investigations	50
USPS Brian Codianne	Investigator	Criminal Investigations	50
SMDDA Chris Feasel	Deputy District Attorney	Legal/Prosecution	50
DAG Ralph Sivilla	Deputy Attorney General	Legal/Prosecution	50
ACDDA Mark Jackson	Deputy District Attorney	Legal/Prosecution	50
CFE Gregg Yoshioka	Criminalist	Computer Forensics	100
SCCDDA Tom Flattery	Deputy District Attorney	Legal/Prosecution	100
SCCDDA Bryan Slater	Deputy District Attorney	Legal/Prosecution	75
SCCSDA Scott Tsui	Supervising DA	Legal/Prosecution	50
Aileen Uytingco	Management Analyst	Office Manager	100
Jennifer Yu	Accountant	Bookkeeping	30
Celia Wu	Accountant	Bookkeeping	30
CFE Gregg Yoshioka	Criminalist	Computer Forensics	100

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1. Have there been any delays in hiring project personnel? YES NO If YES, explain below.
 2. Are there any personnel issues which may affect the project objectives? YES NO If YES, explain below.
 3. Have any of the job duties, as detailed in the Grant Award, changed? YES NO If YES, explain below

EQUIPMENT

<u>Equipment</u>	<u>Cost</u>	<u>Date Ordered/Received</u>
1. <u>Enfora Mini MT GPS Trackers (4); Magnet case, Battery, Wall Chargers (4); Airtime 1-yr</u>	<u>\$5778.23</u>	<u>11-23-2009 / 12-11-2009</u>
2. <u>LaCie 5big Network 5-Bay RAID NAS 10TB</u>	<u>\$1560.00</u>	<u>12-22-2009 / 1-6-2010</u>
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

(List equipment purchases for the entire grant period.)

Does your Grant Award allow equipment purchases? YES NO If yes, detail below:

• **The project's source documentation designed to track the project's statistical information.**

All project investigative reports and any other reportable statistics are recorded in a Microsoft Access database. Project investigators record case summary information in the database and provide statistical data to the project's management analyst. This data provides the basis for project statistical data.

Since our last reporting, the five task force representatives met as a part of the DOJ Database Workgroup in Sacramento to finalize the functionality of the program. Great progress was made and we are all prepared to go forward with training and input into the system. REACT has been scheduled for the update training as of February 9, 2010 at our own RCFL in Redwood City.

As I commented in the 1st quarterly report last fall, I am extremely grateful for Project Director Nunn's interest and commitment, as well as Systems Analyst Melisa Carey-DeMello and Chris Devine for their hard work and fortitude to get the job done. The database will become the first Records Management System (RMS) and evidence records system for REACT since the task force conception ten years ago.

• **Any anticipated areas that may need to be modified, (i.e., budget changes due to staff changes, equipment changes, or modification to program objectives).**

Historically, budget cycle 2008-2009 began with a 10% reduction in funding. We initiated the new budget cycle of 2009-2010 with an additional 6% reduction in funding. Due to these

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reductions, REACT cancelled renewing the current lease to house our evidence; froze two of our investigative positions; and reduced each participatory agency salary reimbursement by 10%. Notification from CalEMA that payments will be slow for reimbursement starting the second quarter (2010) has hindered our ability to update our aging computer system and other significant operating equipment.

- **Discuss the project's progress to date.**

I was assigned the responsibility to organize and complete the annual report (2009) to the governor and legislature, which was accomplished on-time in December of 2009. My appreciation for their assistance goes to my staff, Administrative Analyst Aileen Uytingco and Criminalist Greg Yoshioka, as well as a special thanks to CDAA member (California District Attorney's Association) Santa Clara County Deputy District Attorney Bud Frank and San Diego Deputy District Attorney and Project Director of the CATCH task force Brendan McHugh. Particular kudos for Brendan's 'Executive Summary' and analyses of all the statistical reporting from the five task forces.

We have experienced a vacancy in REACT beginning at the start of the second quarter and may further suffer another vacancy this quarter, both from the Santa Clara County District Attorney's Office in the Bureau of Investigation. The open positions in BOI are held in a high priority; however, it is planned that the DA's office will backfill one of the positions after the new hires are brought into the Bureau.

In spite of all that is occurring around the REACT office and the grant in general, the task force still maintains a high degree of involvement and statistical improvement. We have had a great run of supporting media releases of cases the task force has completed that have instilled an immense level of pride in our organization and speaks to the great motivation the men and women in this organization have towards getting the job done.

Please complete the statistical report table for Objectives #1, #2, and #3. Use additional pages to provide any additional narrative to report your accomplishments as projected in your application.

Objective #1: To investigate, apprehend, and prosecute criminal organizations, networks, and groups of individual engaged in the following activities: (The project should list the applicable high technology crimes as defined by California Penal Code § 13848 in which the task force focus is engaged.)

Objective #2: To apprehend and prosecute individuals and groups engaged in the unlawful access, destruction, or unauthorized entry into and use of private, corporate, or government computers and networks, including wireless and wireline communication networks and law enforcement dispatch systems, and the theft, interception, manipulation, destruction, and unauthorized disclosure of data stored within those computers.

Objective #3: To apprehend and prosecute individuals as groups engaged in the theft of trade secrets.

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Reporting Definitions:

On the next page is a table for reporting statistical information. Reporting definitions are as follows:

- Number of High Tech Crime Cases Investigated: Defined as the number of defendants charged with a high technology crime case.
- Number of Arrests: Defined as number of suspects arrested.
- Number of High Tech Crime Cases Filed: Defined as the number of defendants investigated for committing high technology crimes.
- Number of Convictions: Defined as a defendant(s) in one case convicted of one or more charges. If more than one defendant on one case, each defendant that is convicted will be reported.
- Number of Victims involved in Cases Filed: Counting each victim once whether victimized once or multiple times by the suspect in the individual case.
- Total Monetary Loss of Victims: The total aggregate monetary loss suffered by the victims, (from the cases filed) including individuals, associations, institutions, corporations, and other relevant public entities, according to the number of cases filed, investigations, prosecutions, and convictions obtained as a result of the high technology crime cases filed and those under active investigation.

a) Significant Cases (Q2 FY09/10 (10/01/09-12/31/09))

High Tech

09-2001

An unknown person utilized the Roblox website forum located in Redwood City to make an ominous threat against an unknown school. REACT was requested to assist with the investigation.

An emergency request for records was sent and subscriber information was received. The message was traced to a 15-year-old boy in Rocky Mount, NC. Rocky Mount PD was contacted and provided with the information obtained to date. A search warrant of his residence by Rocky Mount police turned up drawings depicting explosions, but no destructive devices.

He was detained for making a false report of a destructive device and was released to the custody of his mother pending a juvenile hearing.

09-2015

A Bay Area software company hired the Suspect to work on a program used by many of the company's clients. The Suspect and the company's president had a disagreement which resulted in the firing of the Suspect. In retaliation, the Suspect allegedly inserted a crash logic program in the software that caused the program to be down for a period of several days which ended up costing the company a loss of over \$60,000.00. This investigation is on-going.

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09-2018

The suspect is a former employee of a large networking company headquartered in the Bay Area. He was responsible for inventory control at one of the buildings located in San Jose, CA. Investigators from the company suspect that the former employee was stealing serialized internal assets and then selling them to a local Reseller. Investigators conducted internal audits of serial number checking by a user of the Reseller. Several of those serial numbers were traced to internal owned assets that were under the control of the Suspect. Initial loss estimate is over \$1,000,000.00. This investigation is on-going.

ID Theft

09-1999

This case involves a possible large scale skimming operation where the points of compromise are stores from a national fabric store chain. Multiple victims have had their credit card account information compromised and then used at ATM machines all over the Bay Area.

In September of 2009, FICO noticed an increase in unauthorized ATM withdrawals. After contacting banks and terminal processing companies, they determined that the common point of compromise were several fabrics stores throughout the United States. Included are victims that used the store in San Jose, CA. To date, 24 stores (locations in CA, OR, WA, UT, CO, WI, IL, TX, MO, KS, & VI) from this chain have had customers report compromised cards and unauthorized ATM withdrawals. At least 700 cards have been reported and are expected.

These actions seem to be in violation of 18 USC 1029 (access device fraud) and 18 USC 371 (conspiracy). Initial loss estimate is \$1,000,000.00. This investigation is on-going.

09-2028

A Target Store Employee (Suspect 1) is suspected of swiping stolen credit card numbers and loading gift cards in \$500.00 increments for Suspect 2. Suspect 1 is using stolen credit card numbers from Germany to obtain these cards. Suspect 2 is selling the items that are being purchased with the fraudulently loaded gift cards on Craigslist. Initial loss estimate is \$20,000.00. This investigation is on-going.

09-2031

This case is the result of another REACT Case wherein victim's information was stolen by Suspect 1 and later utilized by Suspect 2. Suspect 2 attempted to utilize the Victim's information to obtain and cash a cashier's check. He subsequently left his counterfeit driver's license behind and was subsequently identified from the photo on the counterfeit driver's license. Initial loss estimate is \$4,500.00. This investigation is on-going.

09-2046

The victim in this case was contacted by Ameritrade regarding someone attempting to transfer money from one of the victim's TD Ameritrade accounts to a Wells Fargo account in the name of a third party. The Ameritrade employee stated the transfer was for over \$16,000.00 and the caller knew the Victim's SSN. The transfer was not completed because the caller could not answer the security question correctly. This investigation is on-going.

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09-2047

A San Jose Police Department officer made a traffic stop and contacted four occupants. He observed a laptop computer with a magnetic card reader attached on the R/F passenger floor. One passenger lied about his identity and was later arrested. The driver and remaining passengers were arrested for unlawful possession of a skimming device. Search of the driver's purse yielded an apron from a local restaurant (Union City) and a mini skimming device. Many gift cards were also found. This investigation is on-going.

REACT Case Statistics for Quarter 2 10/1/2009 – 12/31/2009 (pertaining to both ID Theft and High Tech cases) are listed in the matrix below.

REACT Case Statistics Q2 FY09-10 (10/1/2009 – 12/31/2009)							
Grant	New Cases	*# of Victims	**\$ loss	Arrests	Charges Filed	Convictions	Forensic Exams
High Tech	28	28+	\$2,339,650.00	17	9	0	31
ID Theft	21	72+	\$1,188,081.25	5	4	2	16
Total	49	100+	\$3,527,731.25	22	13	2	47

**Estimated- at the time of reporting the exact number of victims may not have been available. A number of cases indicated 'numerous' or 'multiple.'*

*** Dollar loss is based on the initial estimate by the victim at the time of reporting. Dollar losses on each case may increase or decrease at the time the case is closed.*

Note: Convictions include 'Convictions;' 'Guilty Pleas.'

Forensics: # represents each piece of equipment examined, not the # of cases.

Complete this statistical report for the reporting period of 10/1/2009 through 12/31/2009
The statistics are cumulative for the period of this grant. Add any categories not listed on chart under "Item I, Other." Definitions for each column provided below table.

Types of Crimes Committed During Reporting Period	# of HT crimes cases investigated	# of Arrests	# of HT Cases Filed	# of Convictions	**# of victims in cases filed	**Total Monetary Loss to Victims
1. Unlawful Access/Intrusion						
A. Private Individual	4				6	\$22,510.35
B. Corporate	1				1	\$60,000.00
C. Government						
2. Money Laundering						
Electronic Bank Transfers						
3. Theft						
A. Check						
B. Credit Card Fraud	5	3	2		6	\$287,200.00

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C. Auction/Internet Fraud	3		1		10+	\$141,144.00
D. Telephone Calling Codes						
E. Telecommunication Service						
F. Wireless Communication Service						
G. Cable Television Services						
H. Cable Boxes						
I. Trade Secrets						
J. Identity	57	5	4	2	240 +	\$2,036,121.89
K. Computer Components						
L. High Technology Products/Components	16	3	2		17	\$1,527,635.32
4. Piracy						
A. Software	7	2	1		15	\$219,851.00
B. Music						
C. Movie						
5. Remarketing/Counterfeiting						
Computer Hardware						
6. Manufacturing/Counterfeiting						
A. Checks						
B. Social Security Cards						
C. Driver's License						
7. Child Exploitation						
8. Computer Forensic Exams (Not related to above cases)						
9. Other (Specify)	29	9	3		66	\$1,158,080.98
Outside Assists	20					

**The data in these columns are taken from the aggregate number of cases investigated during the second quarter of fiscal year 2009/2010, which may include cases that were opened during a previous quarter.

Objective #4: To investigate and prosecute high technology crime cases requiring coordination between regional task forces and local, state, federal, and international law enforcement agencies.

Provide narrative of coordination efforts as projected in your application and specify if coordination resulted in the recording of information in the above statistical reporting table.

Objective #5: To conduct training of public and private individuals and groups external to the task force personnel with the intent of identifying potential high technology crime threats, as well as train other law enforcement personnel in the identification and subsequent handling of suspected high technology crimes.

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TRAINING: List any high technology crime or forensic computer training attended during this period, training provided by your task force to other law enforcement agencies, or training presented to the public or to community groups. (Report all training from the beginning of the grant period to current report submission.)

TOPIC	DATE	LOCATION	# TRAINED	AGENCY TRAINED
ID Theft Presentation	10/7/09	Menlo Park, CA	70	Menlo Park Rotary Club
REACT Introduction	10/15/09	Santa Clara, CA	30	Santa Clara Financial Crimes
ID Theft / Internet Safety	12/15/09	Belmont, CA	50	IAAP El Camino Chapter
HTCIA Training Day/	10/14/09	Santa Clara, CA	100	HTCIA
Skimming Case Study	10/20/09	Santa Clara, CA	30	HTCIA
Skimming Case Study	10/20/09	Santa Clara, CA	60	IACI
FTK Forensics Windows Vista	10/22/09	Menlo Park, CA	1	REACT
iPhone Forensics	11/15/09	San Mateo, CA	1	REACT
Image Scan version v3.0	11/18/09	Menlo Park, CA	1	REACT
EnCase Computer Forensics II	12/11/09	Pasadena, CA	1	REACT
Advanced EnCase	12/18/09	Pasadena, CA	1	REACT

Objective #6: To establish a local steering committee comprised of representatives from participating agencies, local high technology industry, and other interested parties. The steering committee shall, at a minimum, meet quarterly to review task force activities, and provide advice, recommendations, strategic input and direction for task force consideration.

Number of steering committee meetings held during this reporting period.

Due to the budget crisis, no meetings were held during the 2nd quarter.

A. AGENCIES: List the agencies that are currently participating in your High Technology Task Force. If the agency is a new addition since the last report, annotate with an asterisk (*).

Agency	Contact	Address	Phone
Santa Clara County District Attorney	Dolores Carr, District Attorney	70 West Hedding St. San Jose CA 95110	(408) 792-2855
San Jose Police Department	Robert Davis, Chief of Police	201 W Mission Street San Jose, CA 95110	(408) 277 - 4212
Fremont Police Department	Craig Steckler, Chief of Police	2000 Stevenson Blvd. Fremont, CA 94538	(510) 790-6800
Santa Clara County Sheriff's Department	Laurie Smith, Sheriff	55 West Younger Ave. San Jose, California 95110	(408) 808-4900
San Mateo County Sheriff's Office	Greg Munks, Sheriff	400 County Center Redwood City, CA 94063	(650) 599-1664
California Highway Patrol	Cathy Wayne, Captain	2020 Junction Avenue San Jose, CA 95131	(408) 467-5400

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Mountain View Police Department	Scott Vermeer, Chief	1000 Villa Street Mountain View, CA 94041	(650) 903-6344
Millbrae Police Department	Thomas Hitchcock, Chief	581 Magnolia Avenue Millbrae, CA 94030	(650) 259-2300
Pacifica Police Department	James Saunders, Chief	2075 Coast Hwy Pacifica, CA 94044	(650) 738-7314
Alameda County, District Attorney's Office	Tom Orloff, District Attorney	1225 Fallon Street, Room 900 Oakland, CA 94612	(510) 272-6222
San Francisco County District Attorney's Office	Conrad Del Rosario, District Attorney	850 Bryant Street, Room 322 San Francisco, CA 94103	(415) 553-1751
California Office of the Attorney General	Mark Geiger, Senior Deputy Attorney General	P.O. Box 944255 Sacramento, CA 94244-2550	(916) 322-3360
United States Secret Service	Charles White ATSAIC	345 Spear Street San Francisco, CA 94105	(415) 744-9026
San Mateo County District Attorney	Chris Feasel	400 County Center, 3rd. Floor Redwood City, California 94063	(650) 363-4784
Department of Motor Vehicles	Lisa Martinez	5 Thomas Mellon Circle, Ste 5 San Francisco	(415) 330-6477

HIGH TECHNOLOGY CRIME TRENDS: Provide a narrative of any emerging high technology crime trends during this reporting period. (E.g. new criminal enterprises or networks; case law; new investigative/enforcement resources or partnerships; or unmet needs).

The ongoing fraud of illegally loading Gift Cards, the swiping of credit cards in restaurants and the manufacturing of credit cards are still among the crime trends.

The continuing trend of suspects ordering items with stolen credit card numbers and having them shipped to third party locations is still prevalent. The suspect then either intercepts the package or ships them onto a final destination. These cases are referred to as 'reshipping' cases.