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KEY DEFENDANT PLEADS GUILTY IN SECRET SERVICE'S "TJX" CASE

Investigation uncovered theft of more than 40 million credit and debit cards

(Washington, D.C.) – The key defendant in a U.S. Secret Service investigation into one of the largest hacking and identity theft cases prosecuted to date in the United States today pleaded guilty in federal court in Boston. Albert Gonzalez (aka “Segvec”), of Miami, Florida, pleaded guilty to 19 counts of conspiracy, computer fraud, wire fraud, access device fraud, and aggravated identity theft for his role in the elaborate scheme.

This high-profile cyber investigation by the Secret Service uncovered the theft and sale of more than 40 million credit and debit card numbers from numerous U.S. retailers. The potential losses associated with this case total more than \$21 billion.

“Technology has forever changed the way we do business, virtually erasing geographic boundaries,” said U.S. Secret Service Director Mark Sullivan. “However, this case demonstrates that even in the cyber world, there is no such thing as anonymity. The Secret Service, in conjunction with its many law enforcement partners across the United States and around the world, continues to successfully combat these crimes by adapting our investigative methodologies. We realize our success in this investigation is due in part to the cooperation of these partners in more than a dozen international law enforcement agencies.”

“Although we are seeing network intrusion cases that are increasing in size and complexity,” Secret Service Assistant Director for investigations Michael Merritt explained, “the Secret Service continues to seek new and innovative ways to combat this emerging threat and works closely with our law enforcement partners throughout the world to resolve these cases.”

Gonzalez was previously arrested by the Secret Service in 2003 for access device fraud in an unrelated case. During the investigation of both this case and others involving multiple cyber criminals, the Secret Service uncovered that Gonzalez, who was working as a confidential informant for the agency, was not only criminally involved in TJX case, but was the mastermind behind the elaborate fraud scheme.

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The indictment, unsealed in August 2008, alleges that Gonzalez and his co-conspirators obtained the credit and debit card numbers by driving near major retailers searching for vulnerable wireless networks, or “wardriving,” and hacking into those networks.

Once inside the networks, they installed “sniffer” programs that captured card numbers, as well as password and account information, as they moved through the retailers’ credit and debit processing networks. After they collected the data, the conspirators allegedly concealed the data in encrypted computer servers that they controlled in Eastern Europe and the United States. They allegedly sold some of the credit and debit card numbers, via the Internet, to other criminals in the United States and Eastern Europe.

In May 2008, Gonzalez and his co-conspirators also were charged in a related indictment in the Eastern District of New York. The New York charges allege that the defendants were engaged in a sophisticated scheme to hack into computer networks run by the Dave & Buster’s restaurant chain, and stole credit and debit card numbers from at least 11 locations.

The United States Secret Service was originally founded in 1865 for the purpose of suppressing the counterfeiting of U. S. currency. Over the years it has grown into one of the premier law enforcement organizations charged with investigating financial crimes. The Secret Service has taken a lead role in the emerging arena of cyber crime, establishing working partnerships with the law enforcement and business communities and academia to address such issues as protection of critical infrastructure, Internet intrusions and associated fraud.

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EDITOR’S NOTE: For questions concerning this release, please contact the United States Secret Service Office of Government and Public Affairs at 202-406-5708.