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Southern California Man Pleads Guilty to Fraud in Online Escrow Scam

A Vista, California man has pleaded guilty to six counts of wire fraud in connection with a sophisticated scheme to steal nearly $600,000 of computer equipment from businesses in Wenham, Massachusetts and Santa Barbara, California. Brian Tinney, 33, who pleaded guilty in United States District Court in Los Angeles Tuesday afternoon, set up a fictitious corporation named Data Systems International, ostensibly located in Las Vegas, Nevada. Data Systems had a fully featured website and claimed to be in the business of selling computer equipment. In addition, Tinney set up a sham escrow company called American Escrow Corporation, which also had an elaborate website, that he claimed was located in San Francisco.

Tinney's scheme was to use Data Systems to order computer gear from legitimate companies and to promise payment from through the bogus escrow company. An associate at the fraudulent escrow company would report to the intended victims at the legitimate companies that the required funds had been deposited into escrow for payment of the computer equipment Tinney had negotiated to buy from victim companies. These victim companies would ship computer equipment to Data Systems with the expectation that once the computer equipment was received the funds held in escrow would be released. Tinney, using an alias and false identification, planned to receive the computer equipment at Data Systems' Las Vegas mail drop.

FBI cyber-crime investigators in Los Angeles were contacted by a victim company in Massachusetts that had grown suspicious of a business arrangement with Tinney. The Massachusetts company was planning on shipping approximately $500,000 worth of Cisco computer equipment to Data Systems. The federal investigators determined that both the computer and escrow companies were nothing more than shell companies and that the web sites of both companies had been repeatedly accessed by someone in Vista, California.

Subsequent investigation revealed that another victim company in Santa Barbara, was preparing to ship an additional $100,000 in computer equipment to the same mail drop.

In January 2003, undercover FBI Agents from Los Angeles and Las Vegas staffed the Las Vegas mail drop and arrested Tinney as he attempted to take possession of the computer equipment that

had been shipped from Massachusetts. At the time of his arrest, Tinney was in possession of various forms of false identification and mobile telephones used to perpetrate the fraud scheme. Tinney was subsequently indicted on wire fraud charges by a federal grand jury in Los Angeles.

Tinney pleaded guilty Tuesday before United States District Judge Margaret M. Morrow in Los Angeles to all six counts of wire fraud charged in the indictment.

Tinney is scheduled to be sentenced on December 22. At that time, he faces a maximum sentence of 30 years in prison and a fine of $1.5 million. CONTACT: Assistant United States Attorney James W. Spertus

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