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Kazakhstan Hacker Sentenced to Four Years Prison for Breaking into Bloomberg Systems and Attempting Extortion

JAMES B. COMEY, the United States Attorney for the Southern District of New York, and KEVIN P. DONOVAN, the Assistant Director In Charge of the New York Field Office of the FBI, announced that OLEG ZEZEV, a/k/a "Alex," a Kazakhstan citizen, was sentenced today in Manhattan federal court to over four years (51 months) in prison following his conviction on extortion and computer hacking charges. The sentence, imposed by United States District Judge KIMBA M. WOOD is amongst the longest ever imposed for a computer intrusion charge.

On February 26, 2003, ZEZEV was convicted, after a thee-and-a half-week jury trial before United States District Judge KIMBA M. WOOD, on all counts of a four-count Indictment charging him with crimes arising from his scheme to hack into Bloomberg L.P.'s ("Bloomberg ") computer system. Zezev was accused of trying to steal confidential information belonging to Bloomberg and its customers and use that information to threaten Bloomberg L.P. founder, Michael Bloomberg, that if he did not pay him $200,000 he would disclose this information to Bloomberg's customers and the media in an effort to harm Bloomberg's reputation. The charges of which he was found guilty included conspiracy to commit extortion, attempted extortion, sending extortionate threats and computer intrusion. According to the evidence at trial, Bloomberg L.P. is a multinational financial data company that provided its customers in the international financial community with timely financial information and trading data through a computer network. The company was founded in 1981 by Michael Bloomberg, currently Mayor of the City of New York, who also was the President & Chief Executive Officer of Bloomberg, Inc., the general partner of Bloomberg.

According to the evidence introduced at trial, ZEZEV was the chief information technology officer at Kazkommerts Securities ("Kazkommerts") located in Almaty, Kazakhstan. In the Spring of 1999, Bloomberg provided database services to Kazkommerts. As a result,

Kazkommerts was provided with Bloomberg's software needed to gain access to Bloomberg's services over the Internet. Those services were cancelled by Bloomberg in 1999 because Kazkommerts did not pay its bill.

The evidence at trial demonstrated that in March 2000, ZEZEV manipulated Bloomberg's software to bypass Bloomberg's security system in order to gain unauthorized access to Bloomberg's computer system so that he could pose as different legitimate Bloomberg customers and employees. On 11 separate occasions during March 2000, ZEZEV illegally entered Bloomberg's computer system and accessed various accounts, including Michael Bloomberg's personal account as well as accounts for other Bloomberg employees and customers. ZEZEV copied various information from these accounts including: e-mail in-box screens, Michael Bloomberg's credit card numbers and screens relating to internal functions of Bloomberg. He also copied various internal information from Bloomberg that was only accessible by Bloomberg employees.

According to the evidence at trial, on March 24, 2000, ZEZEV sent Michael Bloomberg an e-mail from Kazakhstan using the alias "Alex" attaching various screens he had copied from Bloomberg's computer system demonstrating his ability to enter the Bloomberg computer system as any user. He then asked for payment and threatened: "There a lot (sic) of clever but mean heads in the world who will use their chance to destroy your system to the detriment of your worldwide reputation."

The evidence demonstrated that the e-mail came from an e-mail account at a company called Hotmail, which ZEZEV had registered under a false name. The e-mail was traced back to Kazkommerts Securities, where ZEZEV worked. After receiving the first e-mail, Bloomberg computer specialists were able to piece together how ZEZEV had broken in, and rewrote the software on the Bloomberg system to prevent him from accessing the system again.

The evidence demonstrated that ZEZEV sent an e-mail on April 17, 2000, to Michael Bloomberg threatening that if Michael Bloomberg did not send him $200,000 he would disclose to the media and Bloomberg's customers that he was able to gain unauthorized access to Bloomberg's computer system.

According to the evidence at trial, Michael Bloomberg, acting in conjunction with FBI agents, then sent ZEZEV e-mails saying that if ZEZEV wanted the money he would have to meet with Michael Bloomberg and some of Bloomberg's computer specialists in London and explain to them how he was able to break into Bloomberg's computer system.

The evidence showed that in August 2000, ZEZEV traveled from London to meet with Bloomberg. On August 10, 2000, Michael Bloomberg, Tom Secunda, the Head of Technology at Bloomberg, and a British undercover agent posing as Michael Bloomberg's bodyguard met with ZEZEV and Yarimaka in London. The meeting was recorded by an undercover videotape. At the meeting, ZEZEV introduced himself as "Alex". Michael Bloomberg told ZEZEV that he was extorting his company. ZEZEV was arrested after the meeting and subsequently extradited from England to the United States to face the charges in the Indictment.

In sentencing Zezev, Judge Wood stated: “As the Government has pointed out, your crime was a very serious one because of its threat to international commerce and the integrity of data that the financial community relies upon to do its business.”

Mr. COMEY praised the investigative efforts of the Federal Bureau of Investigation’s Computer Hacking and Intellectual Property Squad, the Kazakhstan National Bureau of Special Services, the General Prosecutor’s Office in Almaty Kazakhstan and the London Metropolitan Police of the New Scotland Yard. Mr. COMEY also expressed his appreciation to Mayor Bloomberg and Bloomberg, L.P. for their cooperation.

OLEG ZEZEV, 29, is from Almaty, Kazakhstan.

Assistant United States Attorney PAUL B. RADVANY is in charge of the prosecution.

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