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Assistant United States Attorneys

KATHLEEN KEDIAN
Trial Attorney, Counterespionage Section,
National Security Division, Department of Justice

Before: HONORABLE JAMES L. COTT
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED</u>
	:	<u>COMPLAINT</u>
-v.-	:	Violations of
	:	18 U.S.C. §§ 371,
DEFENDANT #1,	:	1956
a/k/a "Christopher R. Metsos,"	:	
DEFENDANT #2,	:	
a/k/a "Richard Murphy,"	:	
DEFENDANT #3,	:	
a/k/a "Cynthia Murphy,"	:	COUNTY OF OFFENSE:
DEFENDANT #4,	:	NEW YORK
a/k/a "Donald Howard Heathfield,"	:	
DEFENDANT #5,	:	
a/k/a "Tracey Lee Ann Foley,"	:	
DEFENDANT #6,	:	
a/k/a "Michael Zottoli,"	:	
DEFENDANT #7,	:	
a/k/a "Patricia Mills,"	:	
DEFENDANT #8,	:	
a/k/a "Juan Lazaro," and	:	
VICKY PELAEZ,	:	
	:	
Defendants.	:	
----- x	:	

SOUTHERN DISTRICT OF NEW YORK, ss.:

MARIA L. RICCI, being duly sworn, deposes and says that she is a Special Agent with the Federal Bureau of Investigation ("FBI") and charges as follows:

COUNT ONE

Conspiracy to Act as Unregistered Agents of a Foreign Government

1. From in or about the 1990s, up to and including the present, in the Southern District of New York and elsewhere, DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and others known and unknown, unlawfully, willfully and knowingly, did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Section 951 of Title 18, United States Code.

2. It was a part and an object of the conspiracy that DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and others known and unknown, unlawfully, willfully and knowingly, would and did act in the United States as agents of a foreign government, specifically the Russian Federation, without prior notification to the Attorney General, as required by law, in violation of Title 18, United States Code, Section 951.

(Title 18, United States Code, Section 371.)

COUNT TWO

Conspiracy to Commit Money Laundering

3. From in or about the 1990s, up to and including the present, in the Southern District of New York and elsewhere, DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and others known and unknown, unlawfully, willfully and knowingly did combine, conspire, confederate and agree together and with each other to violate Sections 1956(a)(1)(A)(i) and 1956(a)(1)(b)(i) of Title 18, United States Code.

4. It was a part and an object of the conspiracy that DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, and a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and others known and unknown, in an offense involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions, to wit, transfers of thousands of dollars in cash, delivery of Automated Teller Machine ("ATM") cards, and the purchase and rental of residences, among other things, represented the proceeds of some form of unlawful activity, unlawfully, willfully and knowingly, would and did conduct and attempt to conduct such financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, felony violations of the Foreign Agents Registration Act of 1938, Title 22, United States Code, Sections 612(a) and 618, with the intent to promote the carrying on of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

5. It was also a part and an object of the conspiracy that DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and others known and unknown, in an offense involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions, to wit, transfers of thousands of dollars in cash, delivery of ATM cards, and the purchase and rental of residences, among other things, represented the proceeds of some form of unlawful activity, unlawfully, willfully and knowingly, would and did conduct and attempt to conduct such financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, felony violations of the Foreign Agents Registration Act of 1938, Title 22, United States Code, Sections 612(a) and 618, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

(Title 18, United States Code, Sections 1956(a)(1) and 1956(h).)

The bases for my knowledge and the foregoing charges are, in part, as follows:

6. I have been a Special Agent with the FBI for approximately eight years. Currently, I am assigned to the Counterintelligence Division within the New York Field Office of the FBI. The focus of my counterintelligence efforts has been on the foreign intelligence activities of the Russian Federation. I have learned the facts contained in this Complaint from, among other sources, my personal participation in this investigation, my discussions with other law-enforcement agents, searches that I have conducted, surveillance that I have conducted, and my review of documents, video and audio recordings, and other evidentiary materials. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include every fact that I have learned during the course of this investigation. Further, any statements related herein are related in substance and in part only.

I. INTRODUCTION

A. THE "ILLEGALS" PROGRAM

7. The FBI has conducted a multi-year investigation of a network of United States-based agents of the foreign intelligence organ of the Russian Federation (the "SVR").¹ The targets of the FBI's investigation include covert SVR agents who assume false identities, and who are living in the United States on long-term, "deep-cover" assignments. These Russian secret agents work to hide all connections between themselves and Russia, even as they act at the direction and under the control of the SVR; these secret agents are typically called "illegals."

8. "Illegal" agents of the SVR generally receive extensive training before coming to the United States. This training has typically focused on, among other things: foreign languages; agent-to-agent communications, including the use of brush-passes;² short-wave radio operation and invisible writing; the use of codes and ciphers, including the use of encrypted

¹ The SVR headquarters in Moscow is known as "Moscow Center" or "Center."

² A brush-pass (also known as a "flash meeting") is the clandestine, hand-to-hand delivery of items or payments — made as one person walks past another in a public place.

Morse code messages; the creation and use of a cover profession; counter-surveillance measures; concealment and destruction of equipment and materials used in connection with their work as agents; and the avoidance of detection during their work as agents.

9. Upon completion of their training, Russian illegal agents are generally provided with new – false – identities; an illegal's false identity is referred to as his "legend." The cornerstones of an illegal's "legend" are false documents. These false documents concern, among other things, the identity and citizenship of the illegal. Through the use of these fraudulent documents, illegals assume identities as citizens or legal residents of the countries to which they are deployed, including the United States. Illegals will sometimes pursue degrees at target-country universities, obtain employment, and join relevant professional associations; these activities deepen an illegal's "legend." Illegals often operate in pairs – being placed together by Moscow Center while in Russia, so that they can live together and work together in a host country, under the guise of a married couple. Illegals who are placed together and co-habit in the country to which they are assigned will often have children together; this further deepens an illegal's "legend."

10. The FBI's investigation has revealed that a network of illegals (the "Illegals") is now living and operating in the United States in the service of one primary, long-term goal: to become sufficiently "Americanized" such that they can gather information about the United States for Russia, and can successfully recruit sources who are in, or are able to infiltrate, United States policy-making circles.

11. The SVR has spelled out the purpose of the Illegals' presence in America in a 2009 message to DEFENDANT #2, a/k/a "Richard Murphy" and DEFENDANT #3, a/k/a "Cynthia Murphy," the defendants. That message, which was sent by Moscow Center, has been decrypted by the FBI and reads, in part, as follows:

You were sent to USA for long-term service trip. Your education, bank accounts, car, house etc. – all these serve one goal: fulfill your main mission, i.e. to search and develop ties in policymaking circles in US and send intels [intelligence reports] to C[enter].

B. THE DEFENDANTS³

12. CHRISTOPHER R. METSOS, the defendant, purports to be a Canadian citizen. FBI investigation has revealed that METSOS does not reside in the United States. However, METSOS has, in the past, traveled to the United States regularly, and has met at least one of the other defendants on numerous occasions in New York City.

13. RICHARD MURPHY, the defendant, purports to be a United States citizen, born in Philadelphia, Pennsylvania. RICHARD MURPHY is married to CYNTHIA MURPHY, the defendant; CYNTHIA MURPHY purports to be a United States citizen, born in New York, New York under the name "Cynthia A. Hopkins." RICHARD MURPHY and CYNTHIA MURPHY (collectively, the "New Jersey Conspirators"), previously lived together in Hoboken, New Jersey in an apartment ("Hoboken Apartment"); since the fall of 2008, they have lived in a house in Montclair, New Jersey ("Montclair House"). The New Jersey Conspirators have lived in the United States since the mid-1990s.

14. DONALD HOWARD HEATHFIELD, the defendant, purports to be a naturalized United States citizen, born in Canada. HEATHFIELD is married to TRACEY LEE ANN FOLEY, the defendant, who purports to be a naturalized United States citizen, born in Canada. HEATHFIELD and FOLEY (collectively, the "Boston Conspirators") live together near Boston, Massachusetts. Until this month, HEATHFIELD and FOLEY had long lived in a townhouse ("Boston Townhouse"). HEATHFIELD and FOLEY have lived in the United States since 1999.

15. MICHAEL ZOTTOLI, the defendant, purports to be a United States citizen, born in Yonkers, New York. ZOTTOLI is married to PATRICIA MILLS, the defendant, who purports to be a Canadian citizen. ZOTTOLI and MILLS (collectively, the "Seattle Conspirators"), have lived together over the years in a number of locations, including in a Seattle, Washington apartment ("Seattle Apartment"). During October 2009, ZOTTOLI and MILLS moved from Seattle to an apartment in Arlington, Virginia ("Arlington Apartment"). ZOTTOLI has lived in the United States since 2001,

³ For ease of reference, each of the defendants, with the exception of VICKY PELAEZ, is referred to hereinafter by the name by which he or she is known in the United States, as if that assumed name were the defendant's true name. For example, DEFENDANT #1, a/k/a "Christopher R. Metsos," the defendant, is referred to hereinafter as CHRISTOPHER R. METSOS, the defendant.

and MILLS has lived in the United States since 2003.

16. JUAN LAZARO, the defendant, purports to be a citizen of Peru, born in Uruguay. LAZARO is married to VICKY PELAEZ, the defendant, who is a United States citizen born in Peru. LAZARO and PELAEZ, (collectively, the "Yonkers Conspirators"), live together in Yonkers, New York in a house ("Yonkers House"). LAZARO and PELAEZ have each lived in the United States for over twenty years.

17. I am aware that federal law requires individuals who are acting as agents for foreign governments to notify the Attorney General of the United States. The Department of Justice ("DOJ") maintains files of all individuals who have registered as agents of foreign governments. A recently-conducted review of DOJ files indicates that none of the defendants enumerated in the instant Complaint has ever notified the DOJ that he or she is an agent of the Russian Federation.

C. THE INVESTIGATION

18. In the course of investigating the activities in the United States of the defendants, the FBI has used a variety of investigative methods. For example, the FBI, acting pursuant to judicial orders, has conducted extensive electronic surveillance of the defendants – including the covert placement of microphone-type listening devices in certain of the defendants' residences; the covert placement of video cameras in public locations and in hotel rooms; and the monitoring and recording of the phone calls and e-mails of certain of the defendants. In addition, and among other things, the FBI has, pursuant to judicial orders, conducted numerous searches. For example, the FBI has surreptitiously entered certain of the defendants' residences; photographed evidence and copied electronic media while inside; and then left the residence in question. This Complaint describes evidence obtained in the course of certain of these judicially-authorized clandestine residential searches – in particular, searches that were conducted at the Boston Townhouse, on or about July 29, 2006 ("2006 Boston Search"); the Seattle Apartment, on or about February 17, 2006 ("2006 Seattle Search"); and the Hoboken Apartment, on or about July 27, 2005 ("2005 New Jersey Search").

II. OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY⁴

19. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

- a. On or about January 14, 2000, in a South American country, VICKY PELAEZ, the defendant, received a package containing money from a representative of the Russian government.
- b. On or about May 16, 2004, in Queens, New York, CHRISTOPHER METSOS, the defendant, received a bag, containing money, from an official associated with the Manhattan-based Permanent Mission of the Russian Federation to the United Nations ("Russian Mission").
- c. On or about June 20, 2004, in Manhattan, New York, RICHARD MURPHY, the defendant, met with MICHAEL ZOTTOLI, the defendant, and gave him (ZOTTOLI) money that he (MURPHY) had received from METSOS.
- d. On or about September 23, 2004, in Hoboken, New Jersey, CYNTHIA MURPHY, the defendant, advised RICHARD MURPHY, as to how he could effectively gather information in the United States for provision to Moscow Center.
- e. During 2004, DONALD HOWARD HEATHFIELD, the defendant, met with an employee of the United States Government with regard to nuclear weapons research.
- f. On or about October 3, 2004, TRACEY LEE ANN FOLEY, the defendant, discussed with HEATHFIELD a method for sending secret messages to Moscow Center.
- g. On or about June 8, 2006, PATRICIA MILLS, the defendant, traveled to the vicinity of Wurtsboro, New York, with ZOTTOLI, where ZOTTOLI dug up a package containing money that had been buried in the ground by METSOS.

⁴ The conspiracies charged in Count One and Count Two are referred to hereinafter collectively as "the conspiracy."

- h. On or about August 25, 2007, JUAN LAZARO, the defendant, in a South American country, received a package containing money from a representative of the Russian government.
- i. On or about September 26, 2009, in Brooklyn, New York, RICHARD MURPHY gave MICHAEL ZOTTOLI money that he (MURPHY) had received from an official associated with the Russian Mission.

III. MEANS AND METHODS OF THE CONSPIRACY

A. SECRET COMMUNICATIONS

20. To further the aims of the conspiracy, Moscow Center has arranged for the defendants clandestinely to communicate with the Russian Federation. In particular, the conspirators have used, among others, the secret communications methods described below – steganography and radiograms.

1. STEGANOGRAPHY

21. Steganography is the process of secreting data in an image. Moscow Center uses steganographic software that is not commercially available. The software package permits the SVR clandestinely to insert encrypted data in images that are located on publicly-available websites without the data being visible. The encrypted data can be removed from the image, and then decrypted, using SVR-provided software. Similarly, SVR-provided software can be used to encrypt data, and then clandestinely to embed the data in images on publicly-available websites.

22. As is set forth below, certain of the Illegals have communicated with Moscow Center by means of steganography. In each of the three judicially-authorized residential searches referenced above (the 2006 Boston Search, the 2006 Seattle Search, and the 2005 New Jersey Search), law-enforcement agents observed and forensically copied a set of computer disks ("Password-Protected Disks"). Based on subsequent investigation as described below, I believe that the Password-Protected Disks contain a steganography program employed by the SVR and the Illegals.

a. THE NEW JERSEY CONSPIRATORS

23. During the 2005 New Jersey Search, law-enforcement agents observed and photographed a piece of paper; the paper said "alt," "control," and "e," and set forth a string of 27

characters. Using these 27 characters as a password, technicians have been able successfully to access a software program ("Steganography Program") stored on those copies of the Password-Protected Disks that were recovered during the 2005 New Jersey Search and at subsequent searches of the New Jersey Conspirators' residence.

24. In the course of the 2005 New Jersey Search, law-enforcement agents also saw, among other things, a computer; the hard-drive of the computer was copied and analyzed. This analysis led to an electronic address book that contained links to website addresses, as well as information as to various website addresses that the computer's user had accessed. These addresses, in turn, had links to other websites. Law-enforcement agents visited some of the referenced websites, and many others as well, and have downloaded images from them. These images appear wholly unremarkable to the naked eye. But these images (and others) have been analyzed using the Steganography Program. As a result of this analysis, some of the images have been revealed as containing readable text files. These text files - of which there are well over 100 - are referred to hereinafter as the "New Jersey Conspirators' Electronic Messages."

b. THE BOSTON CONSPIRATORS

25. During the 2006 Boston Search, law-enforcement agents observed and copied numerous computer disks. A number of these computer disks contained traces of deleted electronic messages. Technicians recovered these "deleted" messages. Based on my training, experience, and participation in this investigation, I believe that the "deleted" messages (hereinafter, "Boston Conspirators' Electronic Messages") were drafts of messages that were subsequently conveyed between Moscow Center and the Boston Conspirators, using steganography.⁵

26. I base this conclusion on a number of facts. For example, the Steganography Program was extracted from a computer disk recovered during the 2005 New Jersey Search - and that

⁵ In addition to the "deleted" messages described above, law-enforcement agents have visited websites that contain images; upon analysis, it has become clear that these images contain encrypted text files. Based on my training, experience, and participation in this investigation, I believe that these text files contain communications between Moscow Center and the Boston Conspirators. These text files are referred to hereinafter as the "Boston Conspirators' Internet Messages."

computer disk appears substantially similar to one of the computer disks recovered during the 2006 Boston Search. Both disks, for example, call for a 27-character password. In addition, and among other things, a number of the Boston Conspirators' Electronic Messages appear directly to concern communication by means of steganography. For example, one message, dated December 15, 2004, discussed the process of "decrypt[ing]" messages embedded in images; another message, dated February 22, 2005, discussed "decypher[ing] [sic]" data embedded in images. Similarly, on or about October 3, 2004, law-enforcement agents, acting pursuant to a judicial order, intercepted aural communications taking place inside the Boston Townhouse. TRACEY LEE ANN FOLEY, the defendant, was heard saying to DONALD HOWARD HEATHFIELD, the defendant: "Can we attach two files containing messages or not? Let's say four pictures" Based on my training, experience, and participation in this investigation, I believe that this was a reference to conveying messages by means of steganography — placing "files containing messages" in "pictures." On or about March 7, 2010, law-enforcement agents, acting pursuant to a judicial order, intercepted aural communications taking place inside the Boston Townhouse. As a final example, in or about March 2010, FOLEY and HEATHFIELD were heard discussing FOLEY's use of steganography and the schedule of her communications with Moscow Center.

2. RADIOGRAMS

27. Radiograms are coded bursts of data sent by a radio transmitter that can be picked up by a radio receiver that has been set to the proper frequency. As transmitted, radiograms generally sound like the transmission of Morse code. As is set forth below, the Illegals have communicated with Moscow Center by means of radiograms.

28. For example, as a result of the 2006 Boston Search, technicians recovered the Boston Conspirators' Electronic Messages. Approximately five of these messages describe the sending or receipt of an "RG." Based on my training, experience, and participation in this investigation, I believe that "RG" connotes "radiogram."

29. In a similar vein, large numbers of the New Jersey Conspirators' Electronic Messages mention the sending or receipt of an "RG." For example, a January 2009 message from Moscow Center for the New Jersey Conspirators reads, in relevant part: "Pls, make sure your radioequipment [sic] for RG rcptn is in order. We plan to send a couple of test Rgs[.]" Based on my

training, experience, and participation in this investigation, I believe that "RG" and "Rg" connote "radiogram."

30. Furthermore, during the 2006 Seattle Search, law-enforcement agents entered the Seattle Apartment and observed there a radio that can be used for receiving short-wave radio transmissions. In addition, agents observed and photographed spiral notebooks, some pages of which contain apparently random columns of numbers. Based on my training, experience, and participation in this investigation, I believe that the radio in the Seattle Apartment was used by the Seattle Conspirators to receive radiograms - and that the spiral notebook contains codes used to decipher radiograms as they came in.

31. Finally, throughout 2003, law-enforcement agents, acting pursuant to judicial orders, intercepted aural communications taking place inside the Yonkers House. On at least five occasions in 2003, this aural surveillance revealed the irregular electronic clicking sounds associated with the receipt of coded radio transmissions. Based on my training, experience, and participation in this investigation, I believe that the clicking electronic sounds heard in the Yonkers House are the sounds of a radio transmission being received from Moscow Center. In addition, the aural surveillance indicated that, on or about May 6, 2003, JUAN LAZARO, the defendant, told VICKY PELAEZ, the defendant, that he was "receiving" "radio" "from over there."

B. SECRET PAYMENTS TO THE CONSPIRATORS

1. COMPENSATION OF THE CONSPIRATORS BY MOSCOW CENTER

32. To further the aims of the conspiracy, Moscow Center has arranged for the conspirators clandestinely to be compensated for their work on behalf of the Russian Federation.

33. For example, certain of the Boston Conspirators' Electronic Messages are itemized reports prepared by the Boston Conspirators of payments that Moscow Center has made to them. One message reads, in part, as follows: "Exchange rate used is 1 Euro = \$1.29. Got from Ctr. 64500.00 dollars, income 13940, interest 76. Expenses: rent 8500, utilities 142, tel. 160, car lease 2180, insurance 432, gas 820, education 3600, payments in Fr. 1000, medical 139, lawyers fees 700, meals and gifts 1230, mailboxes, computer supplies 460, business (cover) 4900, trip to meeting 1125."

34. To cite another example, during the summer of 2009, the New Jersey Conspirators argued with the SVR in a series of encrypted messages about the status of the Montclair House, into which the New Jersey Conspirators had recently moved. The New Jersey Conspirators contended that they should be permitted to own the Montclair House; Moscow Center responded that the Director of the SVR had personally determined that Center would own the Montclair House, but would permit the New Jersey Conspirators to live in it. The New Jersey Conspirators wrote:

In order to preserve positive working relationship, we would not further contest your desire to own this house. . . . We are under an impression that C. views our ownership of the house as a deviation from the original purpose of our mission here. We'd like to assure you that we do remember what it is. From our perspective, purchase of the house was solely a natural progression of our prolonged stay here. It was a convenient way to solve the housing issue, plus to 'do as the Romans do' in a society that values home ownership. . . . [W]e didn't forget that the house was bought under fictitious names.

2. CLANDESTINE FOREIGN PAYMENTS TO THE CONSPIRATORS

35. To receive compensation from the SVR, certain of the conspirators have engaged in clandestine meetings with representatives of the Russian government outside of the United States. The Yonkers Conspirators have routinely traveled to a particular South American country ("South American Country") to receive payments from the SVR.

36. During 2002, for example, law-enforcement agents, acting pursuant to judicial orders, intercepted aural communications taking place inside the Yonkers House.⁶ On February 20, 2002, just after VICKY PELAEZ, the defendant, had returned from a trip to the South American Country, JUAN LAZARO, the defendant, and PELAEZ were recorded engaging in a conversation about money hidden inside PELAEZ's luggage.

37. On February 23, 2003, pursuant to a judicial

⁶ Certain of the conversations between JUAN LAZARO and VICKY PELAEZ, the defendants, were conducted in Spanish. To the extent those conversations are quoted or described herein, those quotations and descriptions are based on preliminary translations of the conversations, and are subject to revision.

order, the Yonkers Conspirators were overheard counting what sounded like a large amount of money. VICKY PELAEZ, the defendant, who had just returned from the South American Country, stated, in substance, that they had eight bags of "ten," and that she had divided up the remaining two bags so that they would not be so bulky. PELAEZ and JUAN LAZARO, the defendant, then discussed whether, after accounting for certain expenses, they had "72,500" remaining or, as they later determined, "76." Based on my training, experience, and participation in his investigation, I believe that, in the South American Country, PELAEZ picked up eight bags, each containing \$10,000 ("ten"), which money was compensation for the Yonkers Conspirators' work on behalf of Russia.

38. Law-enforcement agents have also conducted video surveillance of the Yonkers Conspirators in the South American Country. For example, on or about January 14, 2000, law-enforcement agents conducted video surveillance of VICKY PELAEZ, the defendant, meeting with an individual at a public park in the South American Country ("the Park"). PELAEZ received a bag from the individual during their meeting. After having reviewed the video surveillance, based on my training, experience, and involvement in this investigation, and the facts set forth in this section, I believe that the individual gave PELAEZ money during their meeting in the Park which represented payment from the SVR to the Yonkers Conspirators. On the same day, on or about January 14, 2000, judicially-authorized interceptions of telephonic communications associated with the Yonkers Conspirators indicate that LAZARO and PELAEZ discussed PELAEZ's meeting in the South American Country that is described in the preceding paragraph. During the call, PELAEZ told LAZARO, in part, that "all went well." Based on my training, experience, and participation in this investigation, I believe that PELAEZ was confirming for LAZARO that, while in the Park, she had successfully received funds from a representative of the Russian government.

39. In a similar vein, on August 25, 2007, law-enforcement agents observed and video-taped JUAN LAZARO, the defendant, meeting with a Russian government official ("Russian Government Official #1").⁷ The meeting took place in the Park in

⁷ A still photo from the surveillance video of the August 2007 meeting between LAZARO and Russian Government Official #1 has been shown to a United States official ("U.S. Official #1"). U.S. Official #1 identified Russian Government Official #1 as a Russian government employee that U.S. Official #1 has met and who

the South American Country where PELAEZ had received money in 2000 from Russian Government Official #1. The videotape of the meeting between LAZARO and Russian Government Official #1 captured, among other things: the two men walking together in the park, sitting together on a bench, and Russian Government Official #1 placing a shopping bag into a plastic bag held by LAZARO. Having reviewed the video-tape footage of the meeting, based on my training, experience, and participation in this investigation, I believe that during the meeting, Russian Government Official #1 gave a payment to LAZARO for his work on behalf of Russia. I base this conclusion, in part, on the fact that prior to LAZARO's trip to the South American Country in August 2007, judicially-authorized interceptions of telephonic communications indicated that LAZARO was struggling financially; after LAZARO returned from the South American Country, however, judicially-authorized interceptions of telephonic communications associated with the Yonkers Conspirators indicate that LAZARO paid off nearly \$8,000 in county and city taxes - all within days of his return from the South American Country.

40. The trips JUAN LAZARO and VICKY PELAEZ, the defendants, have taken to the South American Country have served another purpose as well - passing covert messages to Russian government officials. On January 8, 2003, shortly before a trip that PELAEZ took to the South American country, judicially-authorized interceptions of aural communications taking place inside the Yonkers House captured the following conversation between LAZARO and PELAEZ:

LAZARO: [W]hen you go [to the South American Country]
. . . I am going to write in 'invisible' . .
. and you're going to pass them all of that
in a book

PELAEZ: Oh, o.k. . . .

. . . .
LAZARO: I'm going to give you some blank pieces of
paper and it will be there . . . about
everything I've done

Based on my training, experience, and participation in this investigation, I believe that LAZARO was giving PELAEZ

introduced himself to U.S. Official #1 as an employee of the Russian embassy in the South American Country.

instructions about delivering a message to Russian government officials during her meeting in the South American Country; this message, LAZARO indicated, would be written "in invisible" - with invisible ink.

C. USE OF FALSE IDENTITIES

41. In furtherance of the conspiracy, the defendants, including but not limited to those enumerated below, have assumed false identities.

42. RICHARD MURPHY, the defendant, purports to be a United States citizen, born in Philadelphia, Pennsylvania. On or about October 3, 2006, law-enforcement agents, acting pursuant to a judicial order, searched a bank safe deposit box located in Manhattan, New York. The safe deposit box is registered in the name of "Richard J. Murphy." Inside the safe deposit box, law-enforcement agents observed and photographed a birth certificate for "Richard Joseph Murphy," which birth certificate bears a particular number ("Murphy Birth Certificate Number"). Local officials in Philadelphia, Pennsylvania have caused a search to be conducted of relevant municipal records. These officials report that there are no records indicating the existence of the Murphy Birth Certificate Number.

43. TRACEY LEE ANN FOLEY, the defendant, purports to be a naturalized United States citizen, and a native of Canada. On or about January 23, 2001, law-enforcement officials, acting pursuant to a judicial order, searched a safe deposit box located in Cambridge, Massachusetts ("Cambridge Safe Deposit Box"). The Cambridge Safe Deposit Box is registered in the name of "Tracey Lee Ann Foley" and "Donald Howard Heathfield." Inside the Cambridge Safe Deposit Box, officials observed and photographed a series of photographic negatives; the negatives appear to be of FOLEY when she was in her 20s. On all the negatives of the younger FOLEY save one, the name of the company that produced the film on which the negatives were printed has been excised. On one negative, the name of the film company remains visible. The name on the film is "TACMA"; based on law-enforcement research I know that TACMA was a Soviet film company.⁸

44. DONALD HOWARD HEATHFIELD, the defendant, purports

⁸ The photographic negatives were present in the Cambridge Safe Deposit Box when law-enforcement officials performed the most recent judicially authorized search in late April 2010.

to be a naturalized United States citizen, and a native of Canada. During the above-described January 23, 2001 search of the Cambridge Safe Deposit Box, law-enforcement agents observed and photographed "A True Photostatic Print of a Record on the File At the Office of the Registrar General, Toronto, Ontario, Canada" for "Donald Howard Graham Heathfield" (the "Canadian Birth Certificate"). While the Canadian Birth Certificate appears to be real, I have learned that the real "Donald Howard Heathfield" is dead. Law-enforcement agents have located an announcement published in a Canadian newspaper on or about June 25, 2005. The announcement ("Death Announcement") indicates that "Howard William Heathfield" has died; the Death Announcement states that Howard's son, "Donald Heathfield," is also dead.⁹

45. Finally, JUAN LAZARO, the defendant, purports to be a native Uruguayan with Peruvian citizenship. On or about April 17, 2002, acting pursuant to a judicial order, law-enforcement agents intercepted aural communications taking place inside the Yonkers House. LAZARO was heard describing his childhood to VICKY PELAEZ, the defendant. In particular, LAZARO said: "we moved to Siberia . . . as soon as the war started [.]"

D. USE OF FALSE TRAVEL DOCUMENTS

46. In addition to using false and/or fraudulent identities and associated documents to support their "legends" in the United States, the Illegals have been provided with false travel documents for their travel back to Russia.

47. By way of example, as described below in more detail, in early 2010, Moscow Center provided instructions to RICHARD MURPHY, the defendant, for his trip from the United States to Russia via Italy, where he was to receive a false Irish passport for travel from Europe to Russia.

⁹ It is clear that the Death Announcement and the Canadian Birth Certificate describe the same people. Both the Death Announcement and the Canadian Birth Certificate suggest that Donald Howard Heathfield's mother was named "Shirley." Similarly, if Howard William Heathfield was 70 years old at his death on June 25, 2005 (as the Death Announcement indicates), he would have been 27 years old on February 4, 1962. In turn, February 4, 1962 is the date of birth listed on the Canadian Birth Certificate for Donald Howard Heathfield – and, according to the Canadian Birth Certificate, Donald Howard Heathfield's father was 27 when he (Donald Howard Heathfield) was born.

48. Similarly, TRACEY LEE ANN FOLEY, the defendant, has traveled on a fraudulent British passport prepared for her by the SVR. One of the Boston Conspirators' Internet Messages provided instructions for FOLEY with respect to her then-upcoming trip to Moscow:

Itinerary to M. [Moscow] for D.; Paris - Wien (by train), Mar 18 in Wien exch[ange] doc's for British pass[port] - [Moscow] (Mar 19, flight OS 601). Very important: 1. Sign your passport on page 32. Train yourself to be able to reproduce your signature when it's necessary. 2. Pls, be aware that you just visited Russia (see stamps on page 14 - entry - Mar 16, departure - Mar 17). If asked, we suggest you use the following story: you flew to Moscow on Mar 16 from London for example flight SU 211 to participate in business talks (your business is international consultancy seminars - pls, copy sample of your husband) on invitation by Russian Chamber of Commerce.

In the passport you'll get a memo with recommendation. Pls, destroy the memo after reading. Be well.

IV. THE ROLE OF METSOS - AND RUSSIAN GOVERNMENT OFFICIALS - IN DIRECTLY ASSISTING THE NETWORK OF SVR ILLEGALS

A. METSOS

49. CHRISTOPHER R. METSOS, the defendant, is a secret SVR agent who is based abroad, and who has repeatedly entered the United States to meet with certain Illegals and, among other things, to pay them on behalf of Moscow Center. On four separate occasions during the period from on or about February 24, 2001 through on or about April 17, 2005, METSOS and RICHARD MURPHY, the defendant, met together at a restaurant in Sunnyside, New York ("Sunnyside Restaurant"). Pursuant to a series of judicial orders, law-enforcement agents conducted audio and visual surveillance of these Sunnyside Restaurant meetings.

50. On or about March 31, 2002, CHRISTOPHER R. METSOS and RICHARD MURPHY, the defendants, met at the Sunnyside Restaurant. Pursuant to a judicial order, the meeting was recorded and video-taped. During the meeting, MURPHY expressed a series of frustrations about his work, to which METSOS responded: "Well, I'm so happy I'm not your handler." METSOS and MURPHY also discussed the amount of money that MURPHY received in salary from "our office," and, at the end of the meeting, METSOS stood up and said: "there's forty [unintelligible] black bag." Based

on my training, experience, and participation in this investigation, I believe that, at this meeting, METSOS gave MURPHY a bag containing \$40,000 – as compensation for MURPHY's work on behalf of Moscow Center.

51. Similarly, on or about April 17, 2005, CHRISTOPHER R. METSOS and RICHARD MURPHY, the defendants, met at the Sunnyside Restaurant. At the Sunnyside Restaurant, METSOS provided MURPHY with an ATM card, a personal identification number associated with the ATM card, and directions as to how to use the card. Based on my training, experience, and participation in this investigation, I believe that the ATM card that METSOS gave MURPHY was to be used to withdraw money from an account funded for MURPHY by Moscow Center, as compensation for MURPHY's work on behalf of the SVR.

B. THE 2004 BRUSH-PASS: METSOS RECEIVES MONEY FROM RUSSIAN GOVERNMENT OFFICIAL #2 AND THE MONEY IS GIVEN TO SVR ILLEGALS

52. As is set forth more fully below, during 2004, CHRISTOPHER R. METSOS, the defendant, was surreptitiously handed money in New York by a Russian government official ("Russian Government Official #2"), a purported diplomat associated with the Manhattan-based Russian Mission.¹⁰ METSOS then divided this money into two portions. First, METSOS secretly buried some of the money in upstate New York – and two years later, in 2006, the Seattle Conspirators flew to New York and dug it up. Second, during 2004, METSOS gave some of the money to RICHARD MURPHY, the defendant; shortly thereafter, MURPHY gave some of the money to the Seattle Conspirators.

53. On or about May 16, 2004, pursuant to a judicial order, law-enforcement agents conducted video surveillance from multiple cameras positioned in the immediate vicinity of the Long Island Railroad's Forest Hills Station in Queens, New York ("Forest Hills Train Station"). The May 16, 2004 video surveillance of the Forest Hills Train Station reflects that

¹⁰ On numerous occasions, law-enforcement officers have observed the person who appears to be Russian Government Official #2 entering the Russian Mission. In addition, law-enforcement officials have obtained from the United States Department of State the visa application of a particular individual. This visa application bears a photograph of Russian Government Official #2. According to this visa application, the visa applicant is a "second secretary" of the Russian Mission.

CHRISTOPHER R. METSOS, the defendant, and Russian Government Official #2, were initially in the vicinity of the Forest Hills Train Station, and that METSOS and Russian Government Official #2 were each carrying an all-but identical orange bag. CHRISTOPHER R. METSOS, the defendant, and Russian Government Official #2 then converged on a staircase at the Forest Hills Train Station. METSOS walked up the stairs; Russian Government Official #2 walked down the stairs. Toward the middle of the stairs, as they passed one another, METSOS quickly handed Russian Government Official #2 his orange bag, and Russian Government Official #2 quickly handed METSOS his orange bag. METSOS then continued ascending the stairs and Russian Government Official #2 continued descending the stairs.

54. Based on my training, experience, and participation in this investigation, I believe that Russian Government Official #2's orange bag contained a large sum of money, and that, after receiving the orange bag filled with the money, CHRISTOPHER R. METSOS, the defendant, caused the money to be given to the New Jersey Conspirators and the Seattle Conspirators through the following sequence of events:

- a. On or about May 16, 2004, hours after METSOS's meeting at the Forest Hills Train Station with Russian Government Official #2, METSOS and RICHARD MURPHY, the defendant, met at the Sunnyside Restaurant. Pursuant to a judicial order, law-enforcement agents conducted audio and video surveillance of the meeting. During this meeting, METSOS provided MURPHY with a package which METSOS suggested contained MURPHY's "cut," and further suggested that the "rest of the money" was in a category separate from MURPHY's "cut." METSOS then told MURPHY: "you will meet this guy, tell him Uncle Paul loves him . . . he will know . . . It is wonderful to be Santa Claus in May."
- b. In the hours after this conversation, data from a Global Positioning System device ("GPS Device") that had been installed pursuant to a judicial order on a car associated with METSOS indicated that the car was traveling north, and that it stopped in the vicinity of Wurtsboro, New York, on or about May 17, 2004.¹¹

¹¹ During the fall of 2004, law-enforcement agents searched in the area where, according to the GPS Device, the car

- c. About two weeks after these events, law-enforcement agents, acting pursuant to a judicial order, intercepted a call between MICHAEL ZOTTOLI, the defendant, and MURPHY. During that call, ZOTTOLI and MURPHY agreed to meet on "June 19" at "3:00." No meeting place was discussed.
- d. On or about June 18, 2004, ZOTTOLI and PATRICIA MILLS, the defendants, boarded an airplane at the Seattle-Tacoma International Airport, bound for Newark International Airport. Following their arrival at Newark International Airport, ZOTTOLI and MILLS checked into a hotel in Manhattan ("Manhattan Hotel").
- e. On or about June 19, 2004, at approximately 3:00 p.m., ZOTTOLI arrived at an entrance to Manhattan's Central Park (the "Park Entrance"). After ZOTTOLI arrived, a member of an FBI surveillance team saw MILLS sitting on a bench in the vicinity of the Park Entrance. MILLS remained on the bench for approximately one-and-a-half hours, looking toward the Park Entrance where ZOTTOLI was. Based on my training, experience, and participation in this investigation, I believe that MILLS was engaging in counter-surveillance - watching the area where ZOTTOLI was trying to meet MURPHY, in order to determine whether the meeting was being surveilled.
- f. While ZOTTOLI was in the vicinity of the Park Entrance, MURPHY was nearby, but ZOTTOLI and MURPHY did not appear to see each other, and ZOTTOLI ultimately returned to the Manhattan Hotel without meeting with MURPHY. Later that day, pursuant to a judicial order, law-enforcement agents intercepted a call between ZOTTOLI and MURPHY. During the call, MURPHY explained to ZOTTOLI that "we might have, ah, have different place in mind. I was there at three." ZOTTOLI

associated with METSOS had stopped. In that area ("Bury Location"), law-enforcement agents saw a partially buried brown beer bottle. Law-enforcement agents cleared away approximately five inches of dirt, and, buried in the ground, observed a package wrapped in duct tape. The agents photographed the package, and then replaced the dirt at the Bury Location.

replied, in part, "I was there at three o'clock, too." ZOTTOLI and MURPHY then agreed to try to meet again the next day.

- g. On or about June 20, 2004, at approximately 4:00 p.m., ZOTTOLI arrived in the vicinity of the metallic globe near the subway entrance located at Columbus Circle. ZOTTOLI and MURPHY met near the subway entrance and were observed and photographed by FBI agents as they talked to one another. Neither ZOTTOLI nor MURPHY was carrying anything - but MURPHY was wearing a backpack. ZOTTOLI and MURPHY then entered Central Park together. Approximately three minutes later, ZOTTOLI and MURPHY separately left Central Park, heading in different directions. Now, ZOTTOLI was carrying something - a red paper bag with the logo of a museum on it.
- h. On or about June 24, 2004, ZOTTOLI and MILLS boarded an airplane at Newark International Airport bound for Seattle, Washington, and then returned to the Seattle Apartment.

55. Based on my training, experience, and participation in this investigation, and as set forth more fully in the sub-paragraphs that follow, I believe that, approximately two years after the events described in the preceding sub-paragraphs, the Seattle Conspirators returned to New York - and retrieved that portion of the money that CHRISTOPHER R. METSOS, the defendant, had received in 2004 from Russian Government Official #2 and that METSOS had buried during 2004 in upstate New York.

- a. On or about June 5, 2006, MICHAEL ZOTTOLI and PATRICIA MILLS, the defendants, boarded a plane at the Seattle-Tacoma International Airport bound for the John F. Kennedy International Airport, located in New York City. On or about June 8, 2006, ZOTTOLI and MILLS traveled in the direction of Wurtsboro, New York - to the Bury Location, where, two years before, METSOS had gone just after receiving money from Russian Government Official #2 at the Forest Hills Train Station.
- b. At the Bury Location on June 8, 2006, court-authorized video surveillance was being conducted by the FBI. On the surveillance video, ZOTTOLI

can be seen digging at the Bury Location, and retrieving from the Location a small package – in the immediate vicinity of where the brown beer bottle was partly dug up by law-enforcement agents during the fall of 2004. On the surveillance video, MILLS is visible in the vicinity of the Bury Location.

- c. Shortly after visiting the Bury Location, on or about June 9, 2006, ZOTTOLI and MILLS traveled to Washington, DC. In Washington, DC, they stayed in a hotel ("Washington Hotel"). In their room at the Washington Hotel, audio and visual surveillance was being conducted pursuant to judicial order. In the surveillance video, ZOTTOLI is seen with what appears to be a "money belt" which seems full. The surveillance video reflects that, when ZOTTOLI and MILLS left the Washington Hotel, ZOTTOLI generally wore the money belt; and when they were in the room, ZOTTOLI generally placed the belt out of view, including underneath a pillow on the bed. The video also shows ZOTTOLI apparently dividing the money among several wallets.

C. THE 2009 BRUSH-PASS: RUSSIAN GOVERNMENT OFFICIAL #3 GIVES MONEY TO DEFENDANT RICHARD MURPHY

1. MOSCOW CENTER ARRANGES THE 2009 BRUSH-PASS

56. As set forth in more detail below, in the summer of 2009, and at the direction of Moscow Center, a Russian government official who works at the Manhattan-based Permanent Mission of the Russian Federation to the United Nations ("Russian Government Official #3") surreptitiously gave cash and a flash memory stick to RICHARD MURPHY, the defendant, during a "brush-pass" at a New York-area train station. Soon thereafter, MURPHY handed over a portion of the money (and the flash memory stick) to MICHAEL ZOTTOLI, the defendant, just as, in 2004, when MURPHY handed over SVR money to ZOTTOLI in Central Park.

57. During the spring and summer of 2009, the New Jersey Conspirators exchanged messages with Moscow Center about a United States meeting between RICHARD MURPHY, the defendant, and Russian Government Official #3. For example, one of the New Jersey Conspirators' Electronic Messages, which is dated from April 2009, indicated the purpose of the meeting (for MURPHY to be given money, which MURPHY would provide to another Illegal);

where the meeting would take place; and what the "field station rep[resentative]" bringing the money would look like. In this Message, and in others, MURPHY was identified as "A," Russian Government Official #3 was identified as "R," and Moscow Center was identified as "C":

C plans to conduct flash meeting w. A to pass him \$300K from our experienced field station rep (R). Half of it is for you. Another half is to be passed to young colleague (known to you) in fall '09-winter '10. . . .

Place: North White Plains train station (Harlem Line), quiet and deserted on weekends. No surveillance cameras. R - male in early 30s, dark brown hair

Scheme of flash meeting: . . . A and R meet in lower part of staircase, in dead zone. R hands over and A gets pack w. money (A's BN [Barnes and Noble] bag stays in your hands, A hides pack w. money into his tote).

58. In subsequent messages, the date and time of the meeting was set – and it was agreed that RICHARD MURPHY, the defendant, would give a man called "Mike" the flash memory card and some of the money that he (MURPHY) was to receive from Russian Government Official #3. Based on my training, experience, and participation in this investigation, I believe that "Mike," is MICHAEL ZOTTOLI, the defendant – who MURPHY passed SVR money to in Central Park in 2004.

2. THE 2009 BRUSH-PASS

59. On June 6, 2009, pursuant to judicial order, law-enforcement agents conducted video surveillance of the North White Plains train station ("White Plains Train Station") located in White Plains, New York. As described below, that surveillance captured RICHARD MURPHY, the defendant, receiving a shopping bag from Russian Government Official #3 during a brush-pass.

60. The surveillance video reflects that Russian Government Official #3 was holding a shopping bag ("Shopping Bag").¹² As Russian Government Official #3 descended from the

¹² On numerous occasions, law-enforcement officers have observed the person who appears to be Russian Government Official

train platform, RICHARD MURPHY, the defendant, walked up the same stairs. As Russian Government Official #3 and MURPHY passed one another on the stairs, MURPHY held out his backpack and Russian Government Official #3 placed the Shopping Bag that he had been holding into MURPHY's backpack. MURPHY and Russian Government Official #3 did not seem to speak to one another; they paused on the stairs just long enough to make the transfer. MURPHY then continued up the stairs to the train platform, and Russian Government Official #3 continued down the stairs and walked away.

61. Soon after the brush-pass described above, the FBI preserved a message from the SVR to the New Jersey Conspirators that read, in part, as follows, "Flash meeting: well done, A, good job. Thank you. R. and our tech. people in NY didn't notice anything suspicious[.]"

3. MURPHY GIVES THE MONEY HE RECEIVED DURING THE 2009 BRUSH-PASS TO ZOTTOLI

62. After RICHARD MURPHY, the defendant, received money and a flash memory card from Russian Government Official #3 as described above, MURPHY gave some of this money and the flash-memory card to MICHAEL ZOTTOLI, the defendant. In the months after the above-described June 2009 brush-pass at the White Plains Train Station, the New Jersey Conspirators and the SVR communicated on numerous occasions as to precisely where and when MURPHY would meet with "Mike." Among other things, the New Jersey Conspirators were told that MURPHY could definitively recognize "Mike" by having the following exchange with "Mike":

["]Excuse me, did we meet in Bangkok in April last year?". Reply: I don't know about April, but I was in Thailand in May of that year.

63. On or about September 26, 2009, law-enforcement agents, acting pursuant to a judicial order, conducted audio and video surveillance of a particular street corner located in Brooklyn, New York ("Brooklyn Street Corner") as well as the area around it. On that date, agents saw MICHAEL ZOTTOLI, the

#3 entering the Russian Mission. In addition, law-enforcement officials have obtained from the United States Department of State the visa application of a particular individual. This visa application bears a photograph of Russian Government Official #3. According to this visa application, the visa applicant is a "third secretary" of the Russian Mission.

defendant, standing in the immediate vicinity of the Brooklyn Street Corner when he was approached by RICHARD MURPHY, the defendant. MURPHY was wearing a backpack. MURPHY and ZOTTOLI shook hands, and then appeared to speak with one another. The men then walked around together and ultimately sat down on a park bench in Fort Greene Park in Brooklyn ("Brooklyn Park") where they appeared to be talking to each other. While sitting on the bench, after approximately 90 minutes, MURPHY gave ZOTTOLI a bag and a smaller item. MURPHY and ZOTTOLI then stood up from the Brooklyn Park bench and walked away in separate directions.

64. In a September 28, 2009 communication to Center (that identified RICHARD MURPHY and MICHAEL ZOTOLLI, the defendants, by the initials A and M, respectively), the New Jersey Conspirators told Center, "Meeting with M was successful. A passed to M the card and \$150K."

65. Based on my training, experience, and participation in this investigation, I believe that on or about September 26, 2009, RICHARD MURPHY, the defendant, handed MICHAEL ZOTTOLI, the defendant, the money ("\$150k") and the flash memory card ("the card") that had been given to him (MURPHY) by Russian Government Official #3 a few weeks before, on or about June 6, 2009.

D. MURPHY'S 2010 DELIVERY OF COMPUTERS TO MOSCOW CENTER AND ZOTTOLI

66. As set forth below, in early 2010, the SVR instructed RICHARD MURPHY, the defendant, to return to Moscow Center, and to buy and to bring with him a particular model of laptop computer. After receiving these directions, MURPHY bought the computer and took it to Moscow Center, as instructed. MURPHY returned to the United States from Moscow Center with the same model of laptop, and then met MICHAEL ZOTTOLI, the defendant, in Brooklyn, New York. During that meeting, MURPHY gave ZOTTOLI a laptop computer, and explained to ZOTTOLI how ZOTTOLI was to use the laptop to communicate with Center.

1. MOSCOW CENTER ARRANGES FOR MURPHY TO TRAVEL TO CENTER

67. Center outlined the plans for the above-described travel in a series of January 2010 messages, in which RICHARD MURPHY, the defendant, was identified as "A," and Center was identified as "C." Center described the dates and route for the travel, and also explained that, after MURPHY arrived in Europe, he would receive - by means of a "brush-pass" or "flash meeting"

with an SVR official - a false passport for his continued travel to Russia.

[W]e expect A to arrive to C in February. . . .

[L]et us know A's itinerary: date and time of docs exchange (including reserve ones) en route to and from C; duration of his stay in C. (for business issues we need 2-3 days). A's route (old one): USA-Europe(Rome) on US passport; exchange of docs - in Rome. Than [sic] Rome-Milan by train. In Milan A. takes flight SU-286 (combined Aeroflot-Al Italia flight). We'll provide A [with] two-way e-ticket Milan-Moscow-Milan.

We confirm that A's docs'll be in Rome by Jan.23, so A may plan F[lash] M[ee]ting] with C's repr[esentative] for documents exchange any day after that time. Meeting place in Rome (same) - MP "Stan" (at the show-window of the shop "Libreria", address Via Illiria, 14 under address pointer of the house, subway station San Giovanni) [.]

68. In another January 2010 message, Center explained how RICHARD MURPHY, the defendant, and the SVR's agent would be able to identify each other in Rome, and also described for MURPHY the false Irish "transit passport" that he would receive in Rome for travel from Rome to Moscow:

Password (C's rep[resentative]) - "Excuse me, could we have met in Malta in 1999" (key words: Malta, 1999).
A's rep[ly] - "Yes indeed, I was in La Valetta, but in 2000" (key words: La Valetta, 2000).

A's recognition sign: "Time" magazine in A's hands (title to be seen from outside). Sign of danger: "Time" magazine in A's left hand (title to be seen from outside).

Transit passport (old one) - Ireland. . . .
- Name Doherty Eunan Gerard;
- d.o.b. . . .
- nationality irish;
- d. of issue 30 Jul. 01, exp. date 30 Jul. 2011;
- place of issue Dublin;
- . . . purpose of the visit - business trip. Legend - interpreter or IT specialist (at A's [sic] discretion) by invitation of [Russian Executive] . . . (the print-out copy of invitation will be in the envelope

w[ith] transit docs).

69. In a January 28, 2010 message, Moscow Center elaborated on the defendant RICHARD MURPHY's travel plans, explaining that Center would "buy [an] e-ticket (using [MURPHY's] Ir[ish] passport data)," and that MURPHY could access a copy of documents related to the ticket in the drafts folder of a particular email address if necessary. The SVR also explained that the discussions at Moscow Center would involve the "usual stuff," including "intel[ligence]."

2. MURPHY BUYS COMPUTER EQUIPMENT

70. In addition to arranging the defendant, RICHARD MURPHY's travel to Moscow Center, in its January 2010 messages, the SVR also instructed MURPHY to buy certain computer equipment using "all necessary precautions [sic]: no preliminary order, pay cash, destroy receipts, etc.," and to bring that computer equipment to Center.

71. After RICHARD MURPHY, the defendant, received these instructions, on or about February 9, 2010, law-enforcement agents conducting surveillance of MURPHY saw him enter a computer retailer (the "Computer Store") in Manhattan, and then leave the store a short time later carrying what appeared to be a laptop computer box. Later that day, three Computer Store employees spoke with investigating agents and identified MURPHY from a photograph as having bought a laptop computer from the Computer Store earlier in the day. One of the employees reported that MURPHY had said his name was "David." A database of sales maintained by the Computer Store reflected that, earlier that day, an individual who identified himself as "David Hiller" had paid cash for, inter alia, an ASUS EEE PC 1005HA-P laptop computer. This was the make and model of computer that the SVR had directed MURPHY to buy.

3. MURPHY TRAVELS TO MOSCOW CENTER AND RETURNS WITH A LAPTOP

72. Records maintained by the United States Department of Homeland Security, Customs and Border Protection ("CBP"), reflect that RICHARD MURPHY, the defendant, was a passenger on Continental Airlines flight 40 to Rome, which departed Newark Airport on February 21, 2010 - which is consistent with Center's instruction that MURPHY fly to Rome before receiving a false Irish passport for his continued travel to Moscow Center. CBP records also reflect that RICHARD MURPHY returned to the United States via Continental Airlines flight 41, which arrived at

Newark Airport from Rome on March 3, 2010.

73. Agents conducting visual surveillance at Newark Airport on March 3, 2010, saw MURPHY arrive from an inbound flight, where an official with the United States Department of Homeland Security searched MURPHY's luggage. MURPHY's luggage contained the same make and model of laptop computer that MURPHY had bought using the name "David Hiller" on February 9, 2010.¹³

4. MURPHY DELIVERS A LAPTOP COMPUTER TO ZOTTOLI

74. On or about March 6, 2010, at approximately 12:25 p.m., agents conducting visual surveillance of MICHAEL ZOTTOLI and PATRICIA MILLS, the defendants, saw them leave the Arlington Apartment in a grey BMW sedan registered in ZOTTOLI's name. ZOTTOLI and MILLS drove from the Arlington Apartment to a Manhattan Hotel (the "Upper East Side Hotel"), which they were seen entering at approximately 6:00 p.m. that day.

75. On or about March 7, 2010, agents established surveillance in the vicinity of the Fort Greene neighborhood of Brooklyn, New York, where RICHARD MURPHY, the defendant, had previously been seen meeting with MICHAEL ZOTTOLI, the defendant, in September 2009. As described below, on or about March 7, 2010, ZOTTOLI went to the vicinity of the Brooklyn Park, where he met with MURPHY in a coffee shop and received a laptop computer for communicating with Center.

- a. At approximately 11:00 a.m., agents conducting surveillance in Brooklyn observed MURPHY and ZOTTOLI meet at a pay phone located at the corner of Vanderbilt and DeKalb Avenues, and then walk to a nearby coffee shop (the "Coffee Shop"). When MURPHY and ZOTTOLI entered the Coffee Shop, MURPHY was carrying a backpack and ZOTTOLI was carrying a duffel bag.

¹³ Although the computer that MURPHY brought back from Moscow Center was the same make and model as the one he bought on February 9, the two computers appear to have different serial numbers. The Homeland Security official who conducted the above-described airport search saw a sticker on the bottom of the laptop that MURPHY brought back from Moscow Center bearing what appeared to be a serial number ending in "9719." The serial number of the laptop purchased from the Computer Store ended in "1432."

b. ZOTTOLI and MURPHY sat down together at a table where they stayed for approximately one hour and fifty minutes. During that time, law-enforcement agents stationed inside the Coffee Shop overheard MURPHY and ZOTTOLI discussing problems that the Seattle Conspirators were having with the computer equipment that they used for communicating with Center. In response to ZOTTOLI's description of these communications problems, MURPHY stated (in substance and in part), "this should help." MURPHY further responded (in substance and in part), "if this doesn't work we can meet again in six months," and also said "they don't understand what we go through over here."

c. At approximately 12:50 p.m., MURPHY removed a plastic shopping bag from his backpack and put the plastic bag into ZOTTOLI's duffel bag; MURPHY and ZOTTOLI then left the Coffee Shop.

76. In one of the New Jersey Conspirators' Electronic Messages, dated March 9, 2010, the New Jersey conspirators reported that during the March 7, 2010 meeting at the Coffee Shop, RICHARD MURPHY, the defendant, had successfully delivered a laptop and cash to MICHAEL ZOTTOLI, the defendant. In that communication, ZOTTOLI is identified by the initial "M" and MURPHY is identified by the letter "A." The New Jersey Conspirators also relayed to Moscow Center ZOTTOLI's description of the communications problem the Seattle Conspirators were experiencing:

Meeting with M went as planned . . . A passed to M laptop, two flash drives, and \$9K in cash. From what M described, the problem with his equipment is due to his laptop "hanging"/"freezing" before completion of the normal program run. . .

In the March 9 message, the New Jersey Conspirators also relayed to Center the Seattle Conspirators' concerns regarding the sufficiency of the defendant PATRICIA MILLS's fraudulent travel documents:

. . . Neither can his wife leave the US, because whatever papers she has now are no longer sufficient for travel, because as of this year the doc requirements for entry from the US to wherever she needs to go have changed. M needs your advice on the situation and his options.

V. PASSING INFORMATION TO MOSCOW CENTER AND RECRUITING SOURCES

77. As was described above, the primary long-term goal of the Illegals is becoming sufficiently "Americanized" such that the Illegals can: (i) recruit sources who can infiltrate United States policy-making circles; and (ii) gather information to send it back to Russia. Set forth below are some selected instances of how the Illegals – even as they live in America, working to deepen their cover stories – have begun to pass information and to recruit sources.

A. THE BOSTON CONSPIRATORS

78. As is set forth more fully below, over the years, the Boston Conspirators have been collecting information at the request of Moscow Center:

- a. The Boston Conspirators have received "info tasks" – directives with respect to information that Moscow Center wanted them to focus on obtaining, such as, among other things, United States foreign policy. For example, a Boston Conspirators' Internet Message from in or about April 2006, set forth the "[i]nfo task for May and Jun [sic]," which was to include gathering information regarding, among other things, United States policy with regard to the use of the internet by terrorists, United States policies in Central Asia, problems with United States military policy, and "western estimation of [Russian] foreign policy."
- b. In response to the "info tasks" received from Moscow Center, the Boston Conspirators composed and sent a number of messages. For example, a Boston Conspirators' Electronic Message to Moscow Center from in or about May 2006, focused on turnover at the head of the CIA and the 2008 U.S. presidential election. This information was described as having been "received in private conversation with [name omitted], former legislative counsel for US Congress, specialist in [information omitted], member of faculty in economics of [information omitted]. Has contacts within Congress and policymakers of Washington."

79. As a corollary to their information-collecting efforts, the Boston Conspirators have cultivated sources of information within the United States. Thus, for example:

- a. One of the Boston Conspirators' Electronic Messages, dated September 23, 2005, reported that "Dv." – a term often used for DONALD HOWARD HEATHFIELD, the defendant – has "established contact" with a particular person. That person is a former high-ranking United States Government national security official, whose name is provided in the September 23 message.
- b. Another one of the Boston Conspirators' Electronic Messages, dated December 3, 2004, reads in part as follows: "During the seminar at [location, omitted] Dv made contacts w. [name and title, omitted] working for [a United States Government research facility, name omitted] in [geographical location of facility, name omitted]. He works on issues of strategic planning related to nuclear weapon development. Dv. had conversations with him about research programs on small yield high penetration nuclear warheads recently authorized by US Congress (nuclear 'bunker-buster' warheads)."
- c. In or about 2007, the SVR checked its own files about potential sources identified by the Boston Conspirators and provided the Boston Conspirators with instructions regarding how to proceed with certain potential sources: "Got your note . . . and signal No info in our files about E.F., BT, DK, RR Agree with your proposal to use 'Farmer' to start building network of students in DC. Your relationship with 'Parrot' looks very promising as a valid source of info from US power circles. To start working on him professionally we need all available details on his background, current position, habits, contacts, opportunities, etc. . . . Plus, you should observe our security rules and recommendations in working with contacts. . . . Agree with you [sic] proposal to keep relations with 'Cat' [the same person mentioned in the September 23 message above] but watch him."

B. THE YONKERS CONSPIRATORS

80. The Yonkers Conspirators have also worked to gather information on behalf of the SVR. Thus, for example, throughout 2002 and 2003, law-enforcement agents, acting pursuant to judicial orders, intercepted aural communications taking place inside the Yonkers House. On September 10, 2002, JUAN LAZARO and VICKY PELAEZ, the defendants, were recorded discussing Moscow Center's disappointment with the quality of LAZARO's then-recent reporting:

LAZARO: They tell me that my information is of no value because I didn't provide any source . . . it's of no use to them.

PELAEZ: Really?

LAZARO: Yes. They say that . . . ". . . without a source . . . without stating who tells you all of this . . . It isn't . . . your report isn't . . ."

PELAEZ: [Interrupts] Put down any politician from here!

. . . .

LAZARO: I'm . . . I'm going to give them what they want. But, I'm going to continue what I'm telling them . . . If they don't like what I tell them, too bad . . . but, [unintelligible] work because they like it . . . they're [unintelligible]. They say their hands are tied. On the inside, they don't even care about the country. . .

PELAEZ: So . . . why do they have you? If they don't care about the country . . . what do we have Intelligence Services for?

C. NEW JERSEY CONSPIRATORS

81. As is set forth more fully below, and as reflected in the following subparagraphs drawn from the New Jersey Conspirators' Electronic Messages, over the course of their years in the United States, the New Jersey Conspirators have spent a great deal of time collecting information and passing it to Moscow Center:

- a. The New Jersey Conspirators have received "info tasks" - directives with respect to the information that Moscow Center wanted them to focus on obtaining. Thus, for example, in an "[i]nfo task" from the spring of 2009, in advance of "Obama's visit to [Russia]," the SVR requested information on the U.S. position with respect to a new Strategic Arms Limitation Treaty, Afghanistan, and Iran's nuclear program. Moscow Center indicated that it "needs intels (related to this [sic] topics) which should reflect approaches and ideas of '[Russia] policy team members': [four names of sub-cabinet United States foreign policy officials, omitted]. Try to outline their views and most important Obama's goals which he expects to achieve during summit in July and how does his team plan to do it (arguments, provisions, means of persuasion to 'lure' [Russia] into cooperation in US interests)."
- b. In a message dated "Oct. 18," Moscow Center encouraged the New Jersey Conspirators "to send more info on current international affairs vital for R, highlighting US approach and providing us w. comments made by local expert (political, economic) scientist's community. Try to single out tidbits unknown publicly but revealed in private by sources close to State department, Government, major think tanks."
- c. On a number of other occasions, the SVR specifically indicated that information collected and conveyed by the New Jersey Conspirators was especially valuable. Thus, for example, during the summer and fall of 2009, CYNTHIA MURPHY, the defendant, using contacts she had met in New York, conveyed a number of reports to Center about prospects for the global gold market. In October of 2009, the SVR responded: "Info: on gold - v. usefull [sic], it was sent directly (after due adaptation) to Min[.] of Fin[ance], Min[.] of ec[onomic] devel[opment]."

82. Throughout their time in the United States, the New Jersey Conspirators have proceeded with great caution when it comes to seeking employment with the United States Government - for fear that their "legends" are not strong enough to survive a

background check. Thus, on September 23, 2004, law-enforcement agents, acting pursuant to a judicial order, intercepted aural communications taking place inside the Hoboken Apartment. In particular, CYNTHIA MURPHY, the defendant, advised her husband, RICHARD MURPHY, the defendant, that he should improve his information-collection efforts. CYNTHIA MURPHY explained to RICHARD MURPHY that he would not be able to work at the top echelons of certain parts of the United States Government – the State Department, for example. CYNTHIA MURPHY suggested that RICHARD MURPHY should therefore approach people who have access to important venues (the White House, for example) to which he could not reasonably expect to himself gain direct personal access.

83. Moscow Center's advice was similar. In a 2009 message, for example, Moscow Center stated: "C reminds you [CYNTHIA MURPHY, the defendant] that placing a job in Government (direct penetration into main object of interest) is not an option because of vulnerability of your vital records' docs."

84. Against this backdrop of an inability to "direct[ly] penetrat[e]" the United States Government (the "main object of interest"), the New Jersey Conspirators have worked to begin targeting other people, who can be recruited as sources on behalf of Moscow Center.

85. The following sub-paragraphs are drawn from the New Jersey Conspirators' Electronic Messages, and relate to the New Jersey Conspirators' source-targeting efforts:

- a. In a message dated "Feb 3 09," the New Jersey Conspirators reported that, through her work, CYNTHIA MURPHY, the defendant, "had several work-related personal meetings with [a prominent New York-based financier; name omitted] and was assigned his account"; the message accurately described the financier as "prominent in politics," "an active fundraiser for [a major political party, name omitted]," and "a personal friend of [a current Cabinet official, name omitted]." A response from Moscow Center indicated that the financier "is checked in C's database-he is clean. Of course he is very interesting 'target'. Try to build up little by little relations with him moving beyond just [work] framework. Maybe he can provide [MURPHY] with remarks re US foreign policy, 'roumors' [sic] about White house internal 'kitchen', invite her to

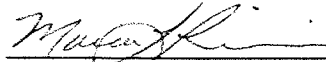
venues (to [major political party HQ in NYC, for instance), . . . etc. In short, consider carefully all options in regard to [financier]."

- b. During 2009, the SVR directed CYNTHIA MURPHY, the defendant, to "strengthen . . . ties w. classmates on daily basis incl. professors who can help in job search and who will have (or already have) access to secret info," and to "[r]eport to C[enter] on their detailed personal data and character traits w. preliminary conclusions about their potential (vulnerability) to be recruited by Service." In response, and on many occasions, the New Jersey Conspirators conveyed names of University affiliates to Center - which then conducted checks in "C's database" to determine if a particular potential "target" was or was not "clean." Thus, for example, when an SVR database check revealed that a particular contact of CYNTHIA MURPHY's had been suspected by a then-Soviet bloc intelligence service of belonging to a "foreign spy net[work]," MURPHY was told "to avoid deepening contact with them for sec[urity] reasons."
- c. In addition, the SVR has directed CYNTHIA MURPHY to collect information on certain University associates: "C suggests that N [MURPHY] keeps trying to 'dig up' personal data of those students who apply (or are hired already) for a job at CIA."
- d. Furthermore, Moscow Center has directed the careers of RICHARD MURPHY and CYNTHIA MURPHY, telling them to take on work that could benefit the SVR. Thus, for example, in a 2010 message, the SVR advised that CYNTHIA MURPHY should consider taking a certain job because "this position . . . would expose her to perspective contacts and potential sources in US government."
- e. In a January 19, 2010 communication to Center, the New Jersey conspirators explained that CYNTHIA MURPHY was interested in taking a job with a private sector entity that would involve "lobbying," and "dealing with US and foreign governments[.]" MURPHY was concerned that such work "might require an extended background check."

In a January 21, 2010 communication, in which MURPHY is identified by the initial "N," Center responded:

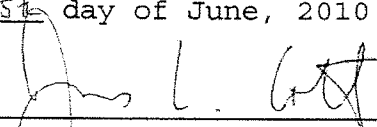
[W]e consulted doc[umentation] department. They don't see any hazards . . . They . . . don't dig too deep during one's background check. C[enter] is interested in N's getting this position which would expose her to perspective contacts and potential sources in US government. Keep us informed on developments.

WHEREFORE, deponent prays that warrants be issued for the arrest of DEFENDANT #1, a/k/a "Christopher R. Metsos," DEFENDANT #2, a/k/a "Richard Murphy," DEFENDANT #3, a/k/a "Cynthia Murphy," DEFENDANT #4, a/k/a "Donald Howard Heathfield," DEFENDANT #5, a/k/a "Tracey Lee Ann Foley," DEFENDANT #6, a/k/a "Michael Zottoli," DEFENDANT #7, a/k/a "Patricia Mills," DEFENDANT #8, a/k/a "Juan Lazaro," and VICKY PELAEZ, the defendants, and that they be arrested and imprisoned, or bailed, as the case may be.



MARIA L. RICCI
Special Agent
Federal Bureau of Investigation

Sworn to before me this
25th day of June, 2010



UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK