

Self-described “king of fraud” is convicted for role in Methbot scam

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May 28, 2021



The Russian ringleader of the Methbot advertising fraud scheme was found guilty by a Brooklyn federal jury today of scamming brands, ad platforms, and other businesses out of more than \$7 million.

The verdict caps a nearly three-year saga that began when Aleksandr Zhukov, a 41-year-old who bragged to co-conspirators about the money he earned and called himself the “king of fraud,” was arrested in Bulgaria in November 2018 and extradited to the U.S. a couple months later.

The trial gave a rare glimpse into the mind and motivations of a Russian cybercriminal, said Dzmityr Naskavets, who attended the nearly month-long trial and provides legal services to Russian-speakers accused of similar crimes. “It’s rare for this to happen—99% plead guilty. Here we have a guy who said ‘fuck you’ to everybody, including the prosecutors, the FBI agents, the lawyers. He’s like the John Gotti of cybercrime,” said Naskavets, who was not involved in the case.

Zhukov maintained his innocence since he was first brought into custody, and pleaded not guilty in early 2019. He claimed to have developed artificial intelligence tools to run an “absolutely legal” advertising business that didn’t victimize anyone. He asked the judge presiding over his case for a new attorney later that year, writing in a note, “I’m weaponless soldier in front of a tank with name FBI.”

**Being in USA now, I feel myself absolutely helpless, because I have here no family, no parents, no friends. I have nobody and nothing here.
My cyber crime in my indictment is just imagination of FBI and I wish to go jury.
I didn't steal or hacked anything.
I had invented the Artificial Intelligence and use it to run absolutely legal business in advertisement industry.
I'm weaponless soldier in front of a tank with name FBI.**

A note Zhukov sent to his judge, asking for a new lawyer.

According to court documents, the jury found Zhukov guilty on all four counts he was charged with: wire fraud conspiracy, wire fraud, money laundering conspiracy, and engaging in monetary transactions in property derived from specified unlawful activity. The charges carry a maximum prison sentence of up to 20 years.

“Today, after evaluating the evidence and wading through the complexities of digital advertising on the internet, the jury recognized the defendant for who he is—a fraudster who used computer code to steal millions from U.S. companies,” Acting U.S. Attorney for the Eastern District of New York Mark Lesko said in a statement. “Zhukov may have thought that he could get away with his fraud by carrying it out from halfway around the world, but this verdict sends a powerful message that U.S. law enforcement will bring such cybercriminals to justice, wherever they are.”

Zhukov’s scam made use of a vast network of bots, and involved both fake internet users and webpages. He used an ad network called Media Methane to place ad tags on websites in exchange for payments—but rather than place them on legitimate websites, the company rented thousands of computer servers in the U.S. and the Netherlands to load ads on fake websites. Zhukov programmed the servers to simulate human internet activity—for example, they would “browse” the internet, scroll down a webpage, and start and stop video players. He also leased more than 650,000 IP addresses and registered them in the names of large telecom companies to make it seem like computer traffic was coming from residential households, according to prosecutors.

“He was very advanced technically—he was sitting for months with the best software engineers in the field,” said Naskavets. “With experience like that, you could make more money than you could with bots. The Russian-speaking world... it’s crazy.”

The scheme falsified billions of ad views and siphoned more than \$7 million from companies that believed their ads were being watched by real human internet users. Victims included The New York Times, The New York Post, Comcast, Nestle Purina, the Texas Scottish Rite Hospital for Children, and Time Warner Cable, the Justice Department said.

Sentencing is set for September 17, 2021.

Tags

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