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CEOs IN MY CLOSET

"It's so very simple to be anyone you please, on any given morning you awake."

—James Rinaldo Jackson

As the CEO of a Hollywood studio, Terry Semel certainly didn't want to be bothered at home by budding writers peddling two-bit scripts. His home phone number was unlisted. His assistants at Warner Bros. knew better than to give out his address. In 1993, well before the popularization of the Internet, before fan stalker web sites existed, before nationwide telephone lookups were just a few mouse clicks away, maintaining an unlisted number offered reasonable protection against crackpots and fanatics.¹

So Semel, today the CEO of Yahoo! Inc., must have been surprised that day in 1993 when a Federal Express package arrived at his home. Inside was, of course, a movie pitch from a would-be screen writer. Film producers are used to seeing all manner of desperate attempts to get their attention, but this pitch was very different. As Semel shuffled through the papers, perhaps he realized that he was staring at a shocking mirror of himself, or rather, of his financial self. Somehow, the screenwriter had sent Semel a copy of his Social Security number, bank account number, credit card number, and part of his credit report.

And that was just the beginning.

Semel turned the pages and found dozens of other digital dossiers, all manner of personal data not meant for his eyes,

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belonging to a Who's Who in Hollywood: Steven Segal, Mel Gibson, Michael Ovitz, Danny DeVito, Sydney Pollack, Leonard Nimoy, and the screenwriter's favorite, Steven Spielberg. Next to each name were private financial account numbers, mother's maiden names, itemized purchases from credit card billing statements, and more.

"There are leaks in the system," the letter said. The author was an inmate at the Millington, Tennessee, federal prison camp.

The prisoner wanted a movie deal. But with the offer came what sounded like a warning: Someone is planning to commit a massive fraud against all these famous people, it said. Lawrence Tisch, Arsenio Hall, Tom Cruise, Lew Wasserman, Alan Ladd, and many others. They were all on a hit list. Someone should do something. Perhaps a movie would help.

The prisoner understood better than most what was about to happen to our digital world. His tone in this letter was at once childlike and prophetic. In one breath, he pitches his wife "Princess" and his friends for roles in the movie. In the next, he describes the coming billion-dollar crisis. Perhaps that's why no one took the June 1, 1993, correspondence very seriously.

"Millions of citizens across America have been or will become victims of fraudulent activities caused by other criminal-minded individuals," he wrote. "In other aspects, illegal purchases of real estate, expensive automobiles, and fine jewelry and easy access to other people's bank accounts, credit cards. . . . It's time for these matters to be dealt with on a more realistic basis and put to a screeching halt."²

James Rinaldo Jackson is, among other things, a Steven Spielberg fanatic. Such a fanatic, in fact, that for an entire year in the mid-1990s, he knew everything Spielberg purchased on his American Express card. "He has awesome taste, class, and style you won't believe," Jackson says now about Spielberg.

Everything Jackson learned about Spielberg, he learned while in prison, much of it using a cell phone supplied by a family member. Jackson says he never tried to steal anything from the famous Hollywood director. He just wanted to snoop.

“When you like and admire someone of his phenomenal talent, you don’t even attempt to step on his shoes,” he said. But you might drop his name, and some personal data, to get the attention of a big movie producer.

Just a few calls while in the care of the federal prison system, and Jackson scored all sorts of data on Spielberg and about 100 other Hollywood types. All in a single day’s work. He started by calling the Screen Actors Guild and tricking an operator into sharing the name of the guild’s health care insurance provider. Then he called the provider’s toll-free number and pretended to be an administrator at a medical provider looking to verify coverage for billing purposes. Helpful operators spat back Social Security numbers, dates of birth, addresses, and other private information.

“All I needed was a name,” he said. Then, he would start his “prowl.”

“I called up American Express. The rep asked me for my account number when I gave him my name as Steven Spielberg. He was a young-sounding guy who appeared to be overwhelmed and excited to a degree until he asked me, ‘Is this *the* Steven Spielberg?’

“Calmly, my reply was no. Then I said, ‘I’m mistaken for him every single day of my life.’

“So he relaxed somewhat and proceeded to ask me for my account number when I told him I didn’t have my card with me at the time. Then I remember saying something to the effect of, ‘Unfortunately I left home without mine, I’m certain the real Steven Spielberg would never do such.’

“After I told him that, he said, ‘Well, that’s okay, how about your Social Security number?’ Thanks to the Screen Actors Guild, I had that. So I called out all nine digits. Then the rep asked me for my date of birth and I gave him that. The rep then went on to say ‘How can I help you?’ I asked for my balance,

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which was nearly \$100,000. Then the representative started to give me a detailed billing of the charges, where he had dined, establishments where the card had been used, amount of last payment, current payment due. This guy had real good taste. He spent wads of money on brand-name clothes and expensive jewelry, wined and dined at the top-of-the-line hotels. . . .”

It took a year before guards discovered Jackson was committing identity fraud while behind bars. On daily outdoor work duty at a nearby military base, Jackson had only his memory of toll-free phone numbers and payphones to work with. Still, he managed to score stolen credit card accounts and other funds from a host of wealthy people. Other inmates helped; accomplices who stood guard while he made the phone calls were paid off with pizza, beer, Nike sneakers, jogging suits, jewelry, watches, even money, all funded by credit card accounts pilfered over the telephone. They even watched his back so he could find time alone with a blue-eyed, blonde-haired female Naval officer stationed on the base. When their love affair was ratted out, he was sent to solitary confinement. Later, he was only allowed work detail near the prison, doing simple landscaping and garbage collecting under the constant watchful eye of prison guards. But even that didn't stop him.

Jackson's brother-in-law drove up one day, discarded a crumpled-up fast-food bag, and missed the trash. Jackson picked it up, as was the plan, and later took out the cell phone and car charger that had been left inside. He could chat on the phone while sitting in the prison's landscaping truck, which he was still allowed to drive around the compound. He hid the phone inside the truck's air vents when he left.

The scheme worked for a few months, until Jackson got too greedy yet again—when he tried to steal thousands of dollars from Dean Witter executives, including CEO Charles Fiumefredo, he set off red flags. It meant another two years in a federal prison, and finally, he said, “I was put inside a place with barbed wire.” Only then did he temporarily stop posing as America's

elite for his own financial gain; but it was just a temporary hiatus. A few months after his release in 1998, he would be back at it again. His best work was still ahead of him.

While he did get the thrill of being Steven Spielberg for a while, Jackson never got his movie deal. He did have several telephone conversations with an assistant to Terry Semel at Warner Brothers during several weeks in 1993, who encouraged Jackson. But shortly after that, Jackson was moved to another prison where he had no phone privileges, and he lost contact with the movie studio.

"I didn't get the movie deal because identity theft wasn't a major concern . . . back then," Jackson said. "I felt then it would eventually become a fast-growing crime in America. And it did!"

As if to fulfill his own prophesy, Jackson ended up scamming some of the famous people on the list he sent to Semel. Many never knew Jackson was the culprit, even though he should have been an obvious suspect, given the typewritten preconfession. Victims from the Semel letter include Robert and Patricia Stemple, then CEO of General Motors; and CBS's Lawrence Tisch. "I'm extremely remorseful," he says now, addressing the victims. "Please forgive me."

James Rinaldo Jackson had an unusual childhood for Memphis, Tennessee in the 1960s. His mother was black and his father white; at school, he was quickly given the nickname, "Zebra," and it stuck. The teasing was painful, but young James turned the tables by embracing the label. At times, he remembers refusing to answer when his parents called him James—he insisted that his name was "Zebra." Then, when he was given a guitar for Christmas, he began imagining he was a member of the Beatles. Call me John, Paul, or Ringo, he demanded. Like many kids, he would break out in song, blaring, "She loves you, yeah, yeah, yeah!" and not always at the most appropriate of

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times. His parents laughed it off; his babysitter spanked him when she got irritated, but no one really took notice how much energy James put into being other people. Or how good he was getting at it.

His musical affections quickly turned local, and Elvis became the target of his obsession. By the time he was 12, he insisted on eating jelly donuts, peanut butter sandwiches topped with banana slices, and wearing blue suede shoes for special occasions.

One day, his father told him, gently, that “God made you and there’s only one you in the whole wide world,” attempting to urge the boy to start to find his own personality. But it was devastating for James, who realized then that there must be only one Elvis, too. He says he burst into tears at the kindly remark. “That man doesn’t know what he’s talking about,” James remembers thinking. “He’s got life all wrong.”

By a stroke of luck, Jackson attended Humes Jr. High, where Elvis had attended high school. The obsession became complete. He even imagined he was shitting in the same place Elvis did.

“I wanted to say that I sat bare butt on the same toilet (Elvis had), to describe the wonderful feeling of sensation from the rim of a commode where Elvis sat,” Jackson wrote in a private memoir he hopes to publish some day. He would end up in detention for creating disruptions as he broke out into Elvis songs during school.

Just as James was about to reach high school, his father died suddenly. Now he felt he had something else in common with The King, who had lost his mother when he was still young. James remembers staring at Elvis’ retired football jersey in the school’s trophy case, crying, and singing “*That’s Alright Mama*” to himself. He prayed for his dad and his mom, and soon vowed to transfer schools so he could get away from his overwhelming desire to be someone else.

But his attempt at self-rehabilitation didn’t last, because right about then he learned that he could make good money

pretending to be other people. And with his father now gone, his mother sure could use the help.

It began innocently enough. The golden age of rock-and-roll radio brought with it intense competition and stations quickly learned the best way to steal listeners from each other was to pay them. Cash giveaways and other prize games were everywhere. Just by knowing what songs the stations were playing, and calling at the right time, James could win \$300 at a clip. Sometimes he won five prizes a day, calling shows in the morning before school. His most prized winnings at the time was a ladies' Wittnauer watch worth \$150, which he was able to give his mom as a present when he was only 15 years old. Of course, 15-year-olds weren't supposed to win; and no one was eligible to win contests repeatedly each day.

James says he beat the system by setting up a bank of telephones at home and quick-dialing them repeatedly, by hand, so he could be caller number 10. Then, when he won, he would disguise his voice—sometimes as a 90-year-old grandmother, sometimes a young, excitable woman. And he would use various names and addresses all over town. Next, he'd simply wait for the valuable mail to arrive, sneak into the mailbox, and collect his winnings. He also won free blenders, toasters, grills, kitchen ware and other appliances for his family. At the time, he felt “the ability to talk my way out of anything I wanted or for that matter, talk my way into retrieving anything I wanted, too.”

Jackson didn't last long in college; instead, his true college was the University Club of Memphis, where he waited tables on the rich and famous from his teen years to his early 20s. Charming, exceedingly polite, and patient, he learned how to talk the way powerful people talk, with confidence and back-slapping humor always at ready disposal. He also learned to dislike the smug elite, and he acquired a taste for outsmarting people who were supposed to be smarter than him.

From the Federal Correctional Institution in Forrest City, Arkansas, where he is serving an 8-year term for his most recent

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frauds, Jackson, for the first time, offered elaborate details of his 15-year identity fraud crime spree. Fueled by a burning desire to demonstrate that he is sorry for his crimes, which could reduce his prison term, Jackson agreed to a lengthy set of correspondence interviews, offering an intimate look at criminal imposters and the broken systems that enable them.

“It’s 7:06 A.M., I’ve had my M&Ms, it’s time to exert some positive energy,” he wrote. The perfectly typed, single-spaced letters of about four thousand words each could have as few as two paragraphs and contained even fewer typing mistakes. “As the ole saying goes, the early bird gets the worm. . . .”

To say that Jackson is starstruck would be quite an understatement. In the early 1990s, just as Oprah Winfrey’s stock was headed from star to superstar, Jackson learned that Oprah’s father owned a barbershop in Nashville, a couple of hundred miles away from Memphis. No matter; Jackson decided he just had to have his hair cut by Vernon Winfrey. More than a decade later, he still remembers their first encounter in vivid detail. One of the other barbers had an open chair and offered it to him; he refused, of course. When Winfrey’s chair came open, he turned on the charm.

“I’ve never had my hair cut by the father of a famous daughter,” Jackson said, getting just a little laugh. Then, the two bantered back and forth about Jackson’s hometown of Memphis and Winfrey’s whimsical idea that the city should really be part of Mississippi. After all, Oprah was born in Mississippi.

Jackson remembers driving to the barbershop in his stolen pearl-white Mercedes Benz 420 SEL. Winfrey, who noticed the car, said his daughter had recently bought him a similar Mercedes, a 560 SEL with heated seats and a bigger engine. He didn’t like driving it, though, because it didn’t fit in well with the neighborhood, a poor section of Music City. Eventually, Jackson

learned Winfrey still lived in the tough area, which Jackson called “the hood,” despite Oprah’s recent gift of an expansive, half-million-dollar mansion in the suburbs.

“He told me that Oprah nearly begged him and begged him to move into the home; he kept putting it off . . . he point blank said to me, ‘James, that’s my daughter’s money and fame. I am so happy right here where I am, where I’ve been living among average, everyday kind of people nearly all my life. I don’t need all of that.’”

He went on to say that Oprah had offered to buy him a brand-new barbershop, or to rebuild the one he had, but he refused.

On the Winfrey barbershop is a wall with thousands of pictures from well-wishers who have stopped by to meet the famous father. Before he left, Jackson thanked Winfrey for being gracious, shook his hand, gave Winfrey his picture, then waited to make sure it ended up on that wall.

The elder Winfrey’s kindly ways probably saved his daughter a financial headache in the future. Jackson, a sort of digital-age Robin Hood, declared Oprah off-limits after the visit.

“He was an amazingly warm and sensible gentleman that I grew to love, admire, and respect all because he treated me like a customer who was there spending a million bucks on fine, fine jewels,” Jackson says now. “It made me not ever want to commit an identity theft crime against anyone that had close ties to Mr. Winfrey.” Others among the world’s famous and elite weren’t so lucky.

He started small, rigging car accident claims involving rented cars in the late 1980s. With a band of disciples in tow, he honed that craft and ultimately staged some 50 accidents, netting the crime gang \$642,000. But car accidents were hard work, and another, more lucrative money-making scheme was emerging.

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While working as a delivery driver for Federal Express, Jackson met a Nigerian “professor” who explained the ins and outs of the insurance industry and the methods for tricking customer service telephone operators into divulging critical data on anyone. Watching CNN one night in the late 1980s, he saw Time Warner’s Gerald Levine being interviewed and decided to give it a whirl. Moments later, he had a full digital dossier on Levine. It was as easy as lying to the man’s health insurance company.

Within two years, Jackson had worked his way through much of corporate America, impersonating such luminaries as Edward Brennan, CEO of Sears, Charles Lebreque, former head of Chase, and about 25 other CEOs, which he still won’t discuss. But he had his biggest early score by hitting a victim in his own backyard.

The Belz family is one of the most influential real estate developers in the south—certainly in Memphis, Tennessee, where the family owns a series of malls and office complexes. But no one noticed in 1990 when Jackson stole a letter addressed to Jack Belz, then CEO of Belz Associates, and applied for a credit card in Belz’s name. He managed some \$116,000 in purchases and cash withdrawals on credit cards in Belz’s name before he was finally stopped.³

In the meantime, he was living in style, chilling in a \$150,000 home he had purchased in Georgia using a false ID. He had amassed an impressive fleet of luxury cars via identity theft. In addition to the Mercedes, he had a Lincoln Continental, a BMW, and a Nissan Pathfinder. A Corvette he once owned had been exchanged for a Lotus Esprit SE.

The women came easily, too, especially when he wasn’t paying. Jackson says he regularly carried FBI and U.S. Marshal Service credentials that often earned him free sex. When he checked into hotels, he got into the habit of flipping through the yellow pages and calling a local escort service, ordering one or two girls at a time. When he was finished with them, he’d let them dress and then flash a badge “smack dab in the middle of

their face,” read them their rights, and announce a sting. He’d offer to let the girls go if they returned his money. He’d even make a crank call and carry the gag further, until they returned the cash. “It worked like a charm 99.5 percent of the times I pulled this scheme,” he wrote. “The other 0.5 percent nearly cost me my life.”

While pimps never caught up with Jackson, the cops eventually did. Law enforcement agencies began to circle Jackson in late 1990, and his world would begin to unravel the next year. Insurance investigators from Geico and a local furniture store he had bilked had him arrested. But perhaps as a bit of poetic license, his first conviction involved theft of airline travel, using a technique not unlike that of famed impersonator Frank Abignale. Jackson had assumed the identity of a Federal Express employee with the same name and had been flying around the country for under \$50, round trip, using the other Jackson’s employee discounts.

When he was arrested, federal authorities also found a \$55,000 Cadillac Allante and a \$40,000 Lexus in his driveway, both purchased using fake Social Security numbers. Court documents indicate he was arrested with a series of credit cards under assumed names, including “those of top executives of major U.S. corporations.”

While awaiting trial, Jackson continued to show his ability to acquire hard-to-find information. The master imposter sought revenge against the FBI agent who helped catch him, reporting a domestic disturbance at the agent’s home. Jackson called from jail, telling dispatchers someone had been stabbed inside the agent’s home during a family fight. The address was supposed to be a federal secret. But soon a sheriff, an ambulance, and several fire trucks were outside the agent’s home. He messed with my family, I’ll mess with his, Jackson said at the time, according to court documents.⁴

Later, to convince Judge Julia Smith Gibbons that conditions inside the jail where he was being held were unlivable, Jackson

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sent a box full of bugs, which were gathered in his cell, to the judge's home. Thanks in part to such jail-cell shenanigans, he found himself in federal custody for the next seven years.

When Jackson found his way back out on the street in 1999, much had changed. The Internet made his research easier than ever. Jackson was surfing the Net one day in late December when he decided to browse the *New York Times* obituaries. Only the kind of people Jackson served at the Memphis University Club have their obits published in the *Times*, Jackson noted, so the section proved to be fertile ground for potential victims.

There he learned about the death of Gordon Teter, CEO of Wendy's. The obit listed Teter's age, hometown, and the name of the funeral home taking care of the arrangements. The obituary in Teter's Dublin, Ohio, hometown paper provided more details. Then, back to his old tricks, Jackson called the funeral home, posing as an insurance company representative who needed to verify Teter's personal information. Without it, he threatened, the funeral home might not be paid. At this point, Jackson didn't even know what company held Teter's policy, but he didn't need to. The only verification the funeral home employee insisted on was a "yes" answer to the question, "Do you work for Mr. Teter's insurance company?" The operator then gave him Teter's Social Security number, date of birth, and home address.

"I knew it would only be a matter of time before I would actually be impersonating Mr. Teter," Jackson said. "And that there would be one good advantage of stealing the identity of a dead person. They wouldn't feel it; it's not like they could come back to life and call in their accounts as a fraud. I knew this was the perfect caper to pull off."

Now, Jackson simply had to find Teter's money. Years of experience had taught him that executives often have personal bank

accounts in the same bank as their company's corporate accounts. So he called Wendy's corporate offices, pretending to be an entrepreneur who was in the process of opening a new franchise. Jackson said he was concerned that he might have bounced a check sent to Wendy's. The operator shared the name of the bank, Fifth Third Bank, in Dublin.

The next day he called the bank and talked to a female operator, asking to check the available balance on Teter's account. The operator asked for his account number; he didn't have one. But he had Teter's birthday, home address, ZIP code, and Social Security number. And that was enough.

"Which account are you referring to?" he recalls her asking.

"Which ones do you show?" he replied.

In a moment, she was voluntarily revealing Teter's checking account numbers and credit card account numbers. In fact, she told Jackson so fast he didn't even have pen and paper ready the first time. She repeated the numbers more slowly on request.

The checking account had a balance of more than \$300,000.

Stealing someone's private information is often as easy as asking for it. Customer service telephone employees have always been the best source for professional identity thieves. Early on, Jackson learned how to read customer service representatives by ear. Not every one is naïve. The more experienced and middle-aged the operator, the more likely the scam will fail, he says. At that point, a con artist who spots trouble must delicately hang up.

"An account can easily go from gold to dirt" if any suspicion is raised, he says. But if the voice on the other end is "eager to help and youthful sounding, bingo." And the more money in the account, the less likely the ID thief will be hassled. After all, no one wants to be fired for giving the bank's best customer a hard time.

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“Let’s make Mr. Teter happy. Customers first. Actually, it’s Mr. Imposter first.”

Like a kid in a candy store, Jackson set out to cash in on Teter’s \$300,000 account. A week earlier, he had seen magazine advertisements for Mondera.com and Ashford.com, two online diamond stores. He’d ripped the ads out of the magazine and shoved them into his wallet. Now, he took out the crumpled papers and looked jealously at the Rolex watch in the ad. After settling on an initial purchase, he called Mondera.com and got the right account information to wire money to the web site.

He called back First Third Bank, posing as Teter, and said he wanted to make a wire transfer. The operator who answered said he’d have to come into the bank branch personally to sign the papers.

“Fine, I’ll be in shortly,” he answered, not to raise suspicion. Of course, he couldn’t—he was hundreds of miles away from Dublin, Ohio, in Memphis, Tennessee. But distances have no impact on identity thieves. He just hung up, called back, and got a young woman named Mary with a pleasant-sounding Irish voice on the line. He honed his story a little bit, this time saying he was in an important business meeting in Beverly Hills and needed cash quickly to buy stocks, so he couldn’t come into the bank. Mary complied. She said she could wire up to \$100,000 for him, as long as he provided a call-back number that could be used to verify his identity. So he asked her to wire \$96,000 to Mondera.com’s accounts. Then he gave her a voice mailbox he had used before, which was based in Milwaukee, Wisconsin, set up with a stolen credit card. He hung up and quickly changed the voice message to say, “You’ve reached the offices of Gordon Teter. I’m sorry, I’m unavailable.”

Within a day, just in time for Christmas, the bank wired the money.

The only obstacle left was receiving the diamonds, and for this, Jackson also had a plan. He made a reservation at a local

hotel in Teter's name and had the diamonds shipped there. The hotel clerk would accept the delivery because Teter was supposed to be a guest. Then Jackson or an accomplice would pick up the diamonds. When asked to provide positive identification, that was no hurdle. Jackson had been dealing in fake driver's licenses for years. When he was arrested back in 1991, he was found with 2,000 fake Tennessee licenses and another 2,000 fake New Mexico licenses.⁵ In fact, well before Internet sites and laser printers made creation of imitation licenses easy, Jackson had done it the hard way, once buying a Polaroid license printer for \$3,000 right from the manufacturer.

His diamond scam worked like a charm. He picked up the rocks from the hotel without a hitch, and now, he thought he had finally hit on the perfect crime. In quick succession, he ordered another \$200,000 in diamonds during the next two weeks, draining Teter's account, which was "paying off like a slot machine in Vegas." He was rich again.

But not rich enough, so he had to keep going. Before he was done, \$750,000 in diamonds and expensive watches made their way to Memphis through a complicated network of hotel rooms, delivery services, and identity frauds.

During those heady eight weeks, Jackson started stealing money from two other recently deceased *New York Times* notables, James Klinenberg, former administrator of Cedars-Sinai Medical Hospital in Los Angeles, and Nackey Loeb, a newspaper publisher. Loeb, he picked on because she had been critical of then-President Bill Clinton on the editorial pages of her newspapers. Clinton had enamored himself to Jackson when he played Elvis tunes on his saxophone as a guest on the *Arsenio Hall* show.

"Those insulting comments really made me pissed," Jackson writes in his personal memoir. "So my reasons for Nackey Loeb becoming a victim of mine, very easily and well explained.

He also ordered diamonds in the name of John Alm, CEO of Coca Cola, Richard Fuld, head of Lehman Brothers, and John

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Bollenback, CEO of Hilton Hotels. In some cases, he simply ordered their personal data from information brokers on the Internet, a kind of digital-age private investigator service that sells Social Security numbers and other private information to the highest bidder.

With each order, there were mild variations, as the scheme became more intricate. He faced few hurdles in cracking security systems and impersonating the rich and famous. Some dealers received counterfeit checks drawn on stolen accounts. Others agreed to simple credit card transactions. When he bought \$40,000 in diamonds from Blue Nile, he charged them on Alm's and Fuld's American Express cards.⁶ Knowing that most merchants perform address verification to stop fraud on high-ticket items—they only ship purchases when the billing address on the credit card and shipping address match—Jackson planned ahead. He called American Express and had Alm's billing address changed to the address of a hotel in Orlando, Florida. He had the diamonds shipped there and then forwarded to Holiday Inn Express in Southaven, Mississippi, just over the border from Tennessee.

He had no trouble impersonating his victims, even Loeb, who was a woman. Merchants often don't even check to see if the name being used to make an order matches the name on the credit card, Jackson said. As long as the account was valid, and the billing address was right, the orders would go through. So on some cases, to expedite matters, he said he was a doctor, to win added respect. Here's my phone number, but don't call me back, I'm busy with patients, he told one merchant.

"He called himself Dr. Teter," Shane Coley, owner of Time & Time Again in Boston, told *USA Today* after the crime. Time & Time Again shipped Jackson a Rolex watch after receiving money wired from Teter's bank. "He was charming. He even haggled a little bit. After we shipped him the first one, he called to say the watch was excellent. 'I love it,' he told me. 'I just finished up with a patient, and the receptionist told me your

package arrived. When I'm in Boston in the spring, I'll come up to see you."⁷

But already, the end of Jackson's two-month shopping spree was near. So was his brief taste of freedom.

Manhattan's diamond district is a tight-knit community, and people talk about hundreds of thousands of dollars in disappearing jewels. While the diamond packages were delivered to hotels around the country, they all ended up in Memphis or nearby Mississippi towns. Several merchants plotted the delivery points on the Internet and realized the shipments were all headed to the same area, and probably the same person. And while the orders were placed in different names, many merchants had been given the same voice mail number.

FBI Agent Maureen Dougherty in New York began to connect the dots. The takedown was easy. In fact, Dougherty thinks Jackson probably wanted to be caught, because he kept going even after he sensed authorities closing in, frittering away his chance to get away with the diamonds and his freedom.

At the FBI, such sting operations are called *controlled deliveries*, and Dougherty had New York diamond dealers lining up to volunteer for the job. She got Diamond Cutters of Western New York to accept a wire transfer for diamonds and send an empty box to a "Dr. Redding" at Red Roof Inn in West Memphis in early February 2000. When no one picked it up, the box was returned to the local FedEx drop-off point, where Jackson and his accomplice planned to pick it up. But when the FedEx employee left the front desk to alert the FBI that the suspect had arrived, Jackson fled, sensing something was wrong.⁸

Still, he couldn't stop himself; he was convinced his plot could still work. On February 14, he placed a modest \$9,000 order at American Diamond Wholesalers in Nackey Loeb's name, asking

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that the package be sent to Teaneck, New Jersey, just a few miles from Manhattan. A messenger arrived to pick up the package with instructions to forward it via FedEx to a Holiday Inn Express in Cordova, Tennessee. On February 25, Jackson walked into that hotel to pick up the package. FBI agents were there to arrest him when he walked out.⁹

After spending 15 years pretending to be America's corporate elite, once the owner of a fleet of luxury cars and a small hoard of diamonds, Jackson found himself declared an "indigent defendant." He had no money. His own bank accounts were virtually empty. Tall, soft-spoken Robert Dunn was appointed his defense attorney. The evidence against Jackson was overwhelming, and so was the recidivism. A long jail term was a certainty. All Dunn could hope for was to minimize the damage, and he wanted to.

"James is a very nice man, very personable. This is a problem he has," Dunn said. The only strategy left was for Jackson to throw himself on the mercy of the court, and hope his contrition blunted the judge's outrage. Stealing from a recently deceased man's family is hardly the best way to invite mercy.¹⁰ He would plead guilty to all 29 felonies he was facing.

Dunn hardly knew what to expect at Jackson's plea hearing—he was well aware of his client's penchant for doing the unexpected. A few weeks earlier, while struggling to find some way to mitigate Jackson's guilt and reduce his potential jail time, Dunn sent his client to one of the top psychologists in New York. There's obvious compulsion here, Dunn thought, and maybe even multiple personality disorder. A standard battery of tests should determine that.

But before Jackson arrived in the doctor's office, the con man had already written a lengthy psychological evaluation of himself. Gambling was the problem, Jackson's missive revealed. And after a

brief consultation, the psychologist agreed. He sent word to Dunn that a report was on its way that might help his client's case. The psychologist submitted a report to the court suggesting that compulsive gambling was in part to blame for Jackson's behavior.

Jackson had conned one of New York's best psychologists.

Never in his 15-year history in and out of the court system had Jackson mentioned gambling; it was an entirely unbelievable story, and in fact, Jackson now admits, was a fraud. At any rate, even if it were true, that wouldn't have been a mitigating factor, wouldn't have landed him a shorter jail term. But Jackson had convinced himself that compulsive gambling would earn him sympathy from the judge, so he played that last card. And lost.

"He out conned his God-damn self," Dunn said.

"Mr. Dunn, leave him alone," Judge Deborah Batts barked during the plea hearing. "I am actually trying to understand what is happening here."¹¹

Like any defense attorney, Dunn wanted his client to say as little as possible while offering his guilty plea. But it was too late. James Rinaldo Jackson was in the zone, in his element, bragging about his journey through the financial system, his time pretending to be some of America's most famous and wealthiest people. A tug on Jackson's arm went unnoticed.

"I am sorry for the interruption by your counsel, Mr. Jackson. Just proceed," the judge said. There was an elaborate chart in the courtroom, explaining the 29 felonies and the complex net of financial crimes listed in Jackson's indictment.¹²

But the judge wanted more; she wanted a true confession, not just a guilty plea. "Just forget the chart," she said. "Just talk to me. Tell me what you did, how it got started, what you agreed to do." Only later would Jackson, the great seducer, learn he was being seduced.

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By the time he was finished, his pride was so obvious it outshone any contrition. The U.S. attorney's office would take the unusual step of asking the court to keep Jackson behind bars as long as possible—in this case, eight years, at the very top of the sentencing range for the crimes he committed—because it was clear he couldn't resist the temptation and thrill of it all. A letter from U.S. Attorney Jason Weinstein to Judge Batts, urging a stiff sentence, drove home the point that Jackson was proud of his work. While in prison the last time, the letter said, Jackson began writing “a self-help book for budding credit card fraudsters and identity thieves . . . his opus, entitled *Personal Info of a CEO, or Anyone Else* by James R. Jackson, includes a 21-chapter table of contents featuring chapter titles such as ‘The CEO Syndrome,’ ‘Gathering the Personal Info,’ ‘Getting Positive ID Anytime,’ ‘The Credit Report of a CEO and What to Do and How I Did,’ ‘Buying the Car of Your Choice Without a Job,’ . . . and ‘Mad Judge and Intimidated FBI Agent.’”¹³

But Batts wouldn't need the U.S. Attorney's Office's arguments to convince her that Jackson should go away for a long time. He did that for her.

“Yes, your honor. What happened, I was going through some magazines, and after going through the magazines I saw diamond merchants listing their web sites. . . . I decided, gosh, I can log onto a web site and actually, you know, look at these diamonds, and after looking at the diamonds then of course I came to myself and I said boy, this is impressive. I said I would sure like to get some of these diamonds to just have.”¹⁴

What followed was a blow-by-blow account of the diamond heist, including a boast that the master imposter had simply glanced at Who's Who in America to pick his victims. Jackson thought he was getting on the judge's good side by explaining every last detail, explaining how he stole money from the dead. The judge didn't have to know about the incident at the funeral parlor, Dunn said. But she pushed him, and “he lights up like a Christmas tree.” She found that incident particularly reprehensible.

“Amazing. Simply amazing,” the judge said, goading him on. She set him up. To give Jackson the stiff eight-year term she wanted to, she needed to “enhance” the sentence by establishing that he had used “sophisticated means” to commit his financial crimes. And that determination would have to stand up before an appeals court. Jackson made her case for her. The diatribe he offered, perhaps the best public testimony yet on the methods of identity thieves, made successful appeal of the extraordinary means enhancement unlikely.

Dunn liberally agreed that his client was a con man who needed to do hard jail time. But extraordinary means?

“What he really did couldn’t have been any simpler,” Dunn argued. “There was nothing sophisticated about it. He just exploited gaps in the system.” What should really be on trial, Dunn says today, is the system that made Jackson’s scams so easy.

A month after being nabbed in the sting, while awaiting trial at Metropolitan Detention Center in Brooklyn, Jackson met scruffy, overweight Abraham Abdallah. Abdallah was also a career identity thief, in and out of jails since his teenage years. And, like Jackson, Abdallah had slowly escalated from simple frauds to far more serious identity thefts involving America’s rich and famous. The two spoke only a few times; Abdallah was also awaiting his day in court. Their conversations were shallow and chatty. Abdallah, like most Americans, had never heard of Jackson, and had no idea who he was. He knew nothing about the diamonds, nothing about Steven Spielberg, nothing about all those CEOs in Jackson’s closet. The two didn’t talk shop. But Jackson certainly knew of Abdallah. Much of the world did, at least for a few days in March 2001.

Overnight, Abdallah had become a global celebrity by boldly impersonating global celebrities. His was a billion-dollar crime—in fact, tens of billions of dollars were at stake. When his

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takedown finally happened, it came with all the trappings of a Mafioso roundup, complete with a New York City cop dangling out the sunroof of the getaway car. When two investigators managed to subdue Abraham Abdallah and stop the car he was in, they put an end to potentially one of the biggest-ticket crimes in New York City history.

But this was no mob takedown. Detective James Doyle remembers it more like a Keystone Cop routine. When a detective spotted Abdallah at the sting scene at the Brooklyn waterfront, Abdallah ran back to his 2000 Volvo jumped inside and simply locked the doors. There was no place to drive, all the exits had been cut off.¹⁵

Detective Michael Fabozzi noticed the sunroof was open and leapt into the car. While Fabozzi, upside down, tried to handcuff Abdallah, the identity thief tried to squirm under the dashboard. Doyle, who joined Fabozzi in the sunroof, tried to help subdue Abdallah by pounding on him with an empty plastic Pepsi bottle—the only thing he could find nearby. In moments, Abdallah went from being the world's richest man, 200 times over, to being a suspect in handcuffs clinging to a dashboard with all his might, as if he could cling to being Microsoft cofounder Paul Allen for just a few more moments.

Abdallah was a high school dropout, a New York City busboy, a pudgy, disheveled, career petty criminal. Almost 20 years earlier, he had been arrested for simple credit card fraud. He even made a video at the time, called “Crime of the 20th Century,” with the U.S. Postal Inspector’s Office, in exchange for a reduced sentence. The video is still used as a training tool in some financial companies.¹⁶ But now, Abdallah was on the front page of the *New York Post*. He had committed the crime of the twenty-first century.

The only evidence prosecutors needed was the dog-eared copy of *Forbes* magazine that was sitting on the passenger seat of Abdallah’s Volvo. It was the special “Forbes 400” issue, splattered with

pictures of the usual suspects—Warren Buffet, Steven Spielberg, Oprah Winfrey, and Bill Gates. But the pages were jammed with scribbled notes: checking account numbers, cell phone numbers, brokerage accounts, balances, and everywhere, names and phone numbers of key financial advisers Abdallah had tracked down.

That year, 2001, Bill Gates was at the top of the *Forbes* list. Gates escaped unscathed, but only because Abdallah had chosen not to go after him—too well known, according to the *New York Post's* Murray Weiss. But after passing on No.1, the rest of the list was up for grabs. Abdallah scored with more than 200 other celebrities on the list, working his way from Buffet and Oprah to Martha Stewart and Larry Ellison. Using a cell phone, some voice mailboxes, and free e-mail accounts, he had fast-talked his way through receptionists and security questions for six months. Eventually, he had access to billions of dollars.¹⁷

It all unraveled when Abdallah got very greedy very quickly. He asked Merrill Lynch to move \$10 million from software magnate Thomas Siebel's account to a new account in Australia, and that set off alarm bells. "Operation CEO" began in earnest. Digging behind that transaction, Detective Fabozzi eventually found an elaborate net of e-mail addresses, voice mails, and P.O. boxes purchased in the name of the world's richest people.

Fabozzi arranged a sting, not much different from the FBI's controlled delivery to Jackson. As is often the case, this white-collar criminal playing in the make-believe world of bits and bytes was caught when he was forced to step out into the world of reality, just for an instant. Authorities almost always catch cyber criminals at the end of a package.

On February 23, 2001—only 48 hours before James Rinaldo Jackson stepped into a Holiday Inn in Cordova, Tennessee, and walked out into the waiting arms of FBI agents—Abdallah was in

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Brooklyn awaiting delivery of \$25,000 worth of equipment used to magnetize and manufacture bogus credit cards. As usual, the delivery was to be made in stages, in an effort to obscure his trail. The package was to be shipped via UPS to a bogus Bronx location, then picked up by a courier service and delivered to an auto shop near Brooklyn's waterfront. There, Abdallah figured he could pick up the package in safety. But police intercepted the initial UPS delivery. Detective Jamal Daise then took the wheel of the courier service van and headed for Brooklyn. Detective Doyle didn't want Daise driving alone, so he climbed into the back of the truck.

Delivery vans almost never come with two employees. As luck would have it, the minivan was full of windows, so Doyle had to hide. He jumped into a garbage bag and ducked down in the back. He sweated all the way from the Bronx to Brooklyn.

The plan was simple. When Daise said "Have a nice day" to whomever accepted the package, Doyle would pop out of the bag and help cuff the suspect. A few minutes later, the van arrived at the auto shop, and Daise was met by a mechanic.

He was quickly cuffed—and even as the mechanic tried to explain he was only there to accept a package, Abdallah's Volvo pulled up. Still sweating from his time in the garbage bag, Doyle raced toward the Volvo at the end of the waterfront. But Fabozzi, who had trailed the van, got there first and leapt inside.¹⁸ Moments later, Abdallah was in custody.

Abdallah never strayed far from his childhood neighborhood in Brooklyn. But as far as the world's financial companies knew, for that glorious six months, he was everyone and he was everywhere.

Martin Biegelman, the Postal Inspector's officer who first busted Abdallah in the 1980s, was sitting in the subway the next day when a fellow passenger held up a copy of the *Post* to read it. That's Abdallah, he thought, eyeing the scruffy face splashed on the cover. That's the kid I busted for getting credit cards using fake letterhead 20 years ago. Within hours, Biegelman was on

CNN and dozens of other television stations with the “I knew him when” part of the story.

“He was a petty criminal, not exceptionally good. But he did stay with it. He advanced with the technology,” said Biegelman, who 20 years earlier had talked Abdallah into appearing in the fraud video mentioned earlier. “He was very cooperative. A good kid, really.”¹⁹

Abdallah’s main technique then, requesting account information on faked or stolen letterhead, still did the trick in 2001. When police caught up with him, he had rubber stamps bearing the names of Goldman Sachs and Bear Stearns, two prestigious New York investment companies.

The stamps turned out to be a key element in Abdallah’s scheme. It all started with letters sent to credit reporting companies, sent on official-looking letterhead, requesting credit reports on the world’s richest people. The credit reporting companies complied, and that gave Abdallah the head start he needed. He knew victims’ Social Security numbers. And he knew where their accounts were. He could call Paul Allen’s broker and request a transfer, leaving what appeared to be a West Coast callback number. But it was just a voice mailbox. He used virtual fax machines and even anonymous e-mail accounts to do his dirty work. And when it came time to receive stolen goods, he used drop locations and hired runners to cloak his trail. For six months, he lived it up as the world’s rich and famous.²⁰

When Abdallah’s story hit the front page of the *New York Post*, the Brooklyn kid was hailed as a genius who had used “sophisticated cell phones.” He had so many accounts and so many deliveries headed to so many places in New York, it was amazing he could keep them all straight, police said. He had evaded authorities and for months was only an “electronic blip” on the web. In hundreds of publications worldwide, Detective Fabozzi, who had worked electronic and financial crimes in New York for a dozen years, was quoted as saying Abdallah was “the best I ever faced.”

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That, both Doyle and Fabozzi now say, was an exaggeration, a bit of over exuberance by the publicity department at New York's Finest. Abdallah made dozens of sloppy, amateur mistakes. He was caught trying to move \$10 million at once, an amount sure to trip alarm bells. The requests came from two free Yahoo! e-mail addresses. When Merrill Lynch checked its customer database, it discovered Abdallah had used those same e-mail accounts in connection with five other wealthy Merrill Lynch clients. In fact, he had used the e-mail addresses all over Wall Street. Had Abdallah been even a little cautious, he would have created hundreds of disposable e-mail addresses to not raise suspicion. And he certainly wouldn't have tried to move that much money all at once.

Meanwhile, by 2001, cell phones with Internet access were hardly "sophisticated," and neither were remote voice mailboxes.

Abdallah was not a genius—he just outsmarted a very dumb system.

There were open cases all over New York involving Abdallah's fraud, Fabozzi said, but not because Abdallah had eluded police—more because "no one cared." When a bank or a credit card company loses money, the lending institutions generally just write it off. They have a high-dollar threshold for pursuing an investigation; and so does law enforcement. It's the same everywhere, Fabozzi says, with all white-collar crime investigations. A huge paper trail is a lot of work. Criminals know that. They can stay under the radar forever committing small paper crimes of \$10,000 or less.²¹

Abdallah knew that, too. But he went after Siebel's \$10 million, anyway. He wasn't a genius. He wasn't even the best Fabozzi had ever faced. He was just compulsive. As he pled guilty to 12 counts of mail and wire fraud in October 2002, Abdallah admitted as much, telling Judge Loretta Preska in a Manhattan court that he

was on medication for depression and obsessive-compulsive disorder.

“I wish I could say that this was all about money—then I’d have a reason to explain why I’ve ruined my life,” he said.²² The only technique that might be considered resourceful was his method for obtaining the critical credit reports on the world’s richest people from the credit bureaus—his use of corporate seals from Wall Street firms to forge the paperwork for the requests. After all, even to the irreligious, a credit report is a sacred personal document.

The nation’s three main credit bureaus—Experian, Equifax, and TransUnion—are the financial historians of America, the Santa Claus of money. They know if you have been naughty, and if you have been nice. They have pages and pages of data on every American who has participated in the credit economy. They are entrusted with this information, which is central to every American citizen and his or her basic rights to buy a house or a car. The firms and their data are also central to the smooth operation of the economy as a whole. For Abdallah to crack that system wide open, to get copies of credit reports on the world’s richest and most famous people, credit reports that obviously receive extra care, he must have employed true criminal genius. Could it be that easy to crack the country’s most personal archive? Philip Cummings, an underpaid help-desk worker at a Long Island software company, had already discovered the shocking answer, authorities allege.

Something was very wrong at the Ford Motor Credit office in Grand Rapids, Michigan, during the early part of 2002. Thousands of credit reports had been slowly stolen from Experian through the automaker’s branch office. Most of the reports weren’t even run on Ford customers. Complaints started coming in from consumers who noticed unusual activity on their

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credit files. A trace showed the downloads had been going on for 10 months, since April 2001. The leaking data wasn't discovered until February 2002.²³

Ford did the right thing, a few months later, once it determined a little more about what was going on. In May, it sent 13,000 letters to victims around the country explaining that their credit reports had been downloaded by a criminal, someone posing as a part of Ford Motor Company. Check your credit report, the letter said; you will likely become a victim of identity theft, if you aren't already. Contact authorities if you are.²⁴

Reports began to flood in from victims, including one elderly woman who only had \$1,000 in her bank account but discovered criminals had withdrawn \$35,000 from it. The scope of the crime slowly became obvious.²⁵ Someone had managed to crack the entire credit reporting system. Whoever it was, they could now download the financial history of anyone in the country and arm themselves with all the data they needed to commit massive frauds. It was a highly organized effort. Whoever ordered the reports had carefully plucked out addresses in affluent neighborhoods all around the country.²⁶

Upon discovering the leak, Ford changed the codes it used to order credit reports and shut down the criminals' doorway into the credit reporting world from Grand Rapids. But that hardly put a dent in the crime. Whoever it was, they were still out there ordering credit reports. Another 6,000 credit reports were ordered from the Experian credit bureau by someone using the initials "M. M." in the name of Washington Mutual Bank from March to May of that year.²⁷

But the criminals weren't just picking on Experian. About 1,100 credit reports had been ordered for Washington Mutual through Equifax, a second credit bureau. They, too, were ordered by "M. M." In May, "M. M." moved on again, downloading thousands of credit reports while posing as several smaller companies: MGA Vintage Apartments in Houston, Texas; Dollar

Bank in Cleveland, Ohio; the Sarah Bush Lincoln Health Center in Illinois. The FBI became actively involved in the case.

Months would pass before an investigator from Equifax called FBI Special Agent Kevin Barrows with an obvious break. During that delay the equal opportunity criminals continued to scoop up America's financial secrets. In September, about 4,500 credit reports were ordered from the third of the major credit bureaus, TransUnion. This time, Central Texas Energy Supply's account had been used to order the reports.

Then on October 17, Barrows was told that telephone records had linked "M. M." to a residence in New Rochelle, New York. Whoever ordered those credit reports was simply calling up Equifax's 1-800 number for clients and ordering them from home.

Six days later, FBI agents searched the New York home of Linus Baptiste, where they found five computers, a pile of credit reports, and a batch of documents bearing the names Equifax, TransUnion, and Experian.

Baptiste immediately ratted out his alleged supplier.²⁸

Just like Abraham Abdallah, Philip Cummings was 32, overweight, with an odd mixture of smarts and sloppiness. An English immigrant, Cummings was black, over 300 pounds, and never amounted to much more than the telephone help-desk job he landed at tiny Teledata Communications, Inc. in Bayshore, New York, on Long Island in 1999. But the annoying hourly wage job turned out to be a goldmine, seemingly a license to print money, once Cummings made the right friends, authorities allege.

Teledata makes "credit prompter boxes," easy-to-use credit check terminals found at more than 25,000 companies around the country. The terminals make it simple for a car dealership, cell phone shop, or apartment rental office to perform routine credit checks. As one of hundreds of third-party service

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providers hooked into the nation's credit reporting system, Teledata had access to all the credit report data at Experian, Equifax, and TransUnion. And, Baptiste realized, so did Cummings. Simply by using the right codes, Cummings could impersonate almost any company authorized to obtain credit reports from the credit bureaus. He approached Cummings with an idea: I have friends, he said, a few dozen Nigerian friends, who would pay good money for credit reports. And you have codes that can enable us to commit identity theft on virtually anyone.²⁹

They settled on a price: \$60 apiece, split evenly. That set the market price for ruining someone's financial history. Eighteen months later, while the credit bureaus took their sweet time checking telephone records, Cummings and Baptiste had allegedly pulled off what authorities called the largest identity theft in history.

Cummings wasn't at Teledata long. He left in March 2000, after spending just a few months at the firm. But court documents say he left with what might as well have been a printing press from the U.S. mint: He had a spreadsheet of user names and passwords to access credit reports at all three credit bureaus.³⁰

It's a dialog box nearly everyone has seen. When a typical home user sits down to their PC at night, their computer offers this simple challenge: supply a user name and a password to log in. That same line of defense was all that stood between Cummings and his 33,000 victims. Simply by applying the right user name and password, Cummings was allegedly able to impersonate firms like Ford, giving him the keys to almost any citizen's personal financial kingdom. Such golden keys, one might think, would be carefully guarded. They weren't.

"Any help-desk representative has access to confidential passwords and subscriber codes of (Teledata) client companies that would have enabled that employee to download credit reports from all three credit bureaus," Barrows said in his deposition. Teledata was a disaster waiting to happen.³¹

But it wasn't only Teledata's fault; Teledata was merely the first symptom of a very sick system. Even more than two years after Cummings left the firm, the passwords he had allegedly stolen still worked. When a firm finally caught on and changed the codes, the FBI says Cummings just went down the list to the next sucker. None of the companies exercised even the most basic stewardship of such vital information. And the three credit bureaus, who know best the explosive nature of such credit terminals, failed to enforce even the most basic security measures, for examples, by insisting passwords be changed regularly. Meanwhile, those three companies, which were in the best position to notice all the data flying out of their computers, spent months before realizing their system was infiltrated by someone calling from a home in New Rochelle through an 800 number. And that someone was robbing America blind.

Over 33,000 victims were caught up in the scheme the FBI says Cummings masterminded. Hundreds called in to describe the devastating consequences: homes, boats, loans obtained in their names. Uncounted millions of dollars in losses for consumers and businesses; perhaps incalculable losses of time and energy cleaning up the mess.

Cummings was indicted by a federal grand jury of 22 counts of conspiracy, wire fraud, computer fraud and forfeiture. He pled not guilty and is awaiting trial. In January 2003, Baptiste pled guilty to four counts of conspiracy, wire fraud, identity fraud, and access device fraud in connection with the scheme.

James Jackson and Abraham Abdallah were merely playing with the system, going on a high-tech financial joyride, always more than willing to leave the stolen cars on the side of the road and walk home. They see themselves a bit like Robin Hoods of the digital age. Perhaps they don't readily give to the poor, but they can take the rich down a peg or two, and all in a harmless way behind a keyboard and a telephone. Steven Spielberg and Paul Allen were none the worse for wear after their identities were stolen.

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But America's real identity thieves, the ones who cause real heartache, they steal from real people. They are rarely caught. And the system makes their work exceedingly easy.

"This is the first time it's ever happened. . . . it's a pretty unique situation," Donald Girard, director of Public Relations for Experian, said after the Cummings incident.³² Security measures were added in the wake of Cummings's arrest, he said, but wouldn't elaborate. But the problem of internal employees abusing the powerful credit terminals had been well known in the industry for at least a decade. In 1994, consumer attorney David Szwak wrote several articles highlighting the issue. He described the 1991 theft of \$100,000 by a car salesman in Orlando, Florida, who used his dealership's terminal to steal credit from a series of consumers around the country with the same name.³³

The flaws in the system were obvious, and Cummings's alleged scheme was completely predictable. So were the flaws exploited by Jackson and Abdallah. And in fact, so, too, was the entire identity theft epidemic predictable—and preventable.

It is an epidemic. Until the middle of 2003, the best estimates suggested a few hundred thousand victims had been hit every year, but quiet rumblings among fraud investigators, along with a never-ending stream of noisy consumer victims, suggested the number was far higher. Experts would tell stories that at any given family gathering, when the question was asked, someone would raise their hand and say they had been hit. Finally, three major studies, including one commissioned by the Federal Trade Commission, shed light on the size of the problem in 2003. Studies since then agree that there are millions of victims each year now, and perhaps as many as 1 in 10 adults have been hit by one form of identity theft. More Americans now are victims of identity theft every year than any other crime.

And why not? It's easy, lucrative, and almost entirely risk free. A Gartner study in 2001 suggested that as few as 1 in 700 identity thefts are eventually prosecuted. Meanwhile, the payoffs, in time and invisibility, are enormous.³⁴ In stirring congressional testimony during 2002 support of identity theft legislation, Sen. Diane Feinstein offered powerful examples of how far identity theft can take a criminal.

An administrator of Kmart Corporation's stock option plan was accused of stealing the identity of a retired Kmart executive and exercising 176,000 options in his name. In another case, a Chicago man allegedly killed a homeless man to assume the victim's identity and avoid pending criminal charges for counterfeiting.³⁵

Identity criminals can get away with murder, literally; government officials now outwardly express concern that such digital crimes will be an essential component enabling terrorism. And, in fact, identity theft had an important role to play in the tragedy of September 11. Authorities believe at least 2 of the 19 hijackers initially may have entered the country using stolen passports. An Algerian national was convicted of stealing the identities of 21 members of a health club in Cambridge, Massachusetts, and giving the identities to an individual convicted in the failed plot to bomb Los Angeles International Airport in 1999. There is ample evidence that terrorist groups regularly fund their activities with simple credit card frauds, and there have even been reports that al-Qaeda training manuals encourage it.³⁶

Certainly, criminals are to blame for the identity theft crisis. But so are the stewards of our electronic lives, those entrusted with our electronic identities, our digital twin. The institutions designed to protect our identities have let us down and enabled this epidemic. Corporate America had shirked much of its responsibility for the problem, looking the other way while signs of the coming crisis have been in plain view for years. Credit card companies, in their rush to push the "miracle of instant credit" at consumers, in an effort to simply push profit margins a little

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higher, have created the systematic flaw that allows identity theft to be profitable in the first place. The real headache for most victims, however, is the paperwork nightmare faced once the crime has been committed. Put simply, many victims find their credit is ruined and can spend years fixing the pockmarks left by their imposter. The nation's credit reporting agencies and their incestuous relationship with the credit card companies, are solely responsible for this most painful revictimization of consumers.

Law enforcement, meanwhile, has often been slow to react to the crime, refusing to even take criminal reports from victims in many cases. In others, detectives refused to get involved, citing the complex investigations and rarity of meaningful jail time for convicts. Many government agencies have been even slower to react; our nation's identification systems, driver's licenses and Social Security cards, are meaningless relics from the past. Congress has refused to pass meaningful regulation on the companies largely responsible for the mess, with many elected officials choosing instead to side with a lucrative lobbying force. And the Internet has made life easy for criminals, as they can steal the data they need from the comfort of their own homes and, in many cases, can simply trick consumers into handing over personal financial information willingly.

Ten years ago, James Rinaldo Jackson's pleas for attention to the fundamental systems that enable the crime fell on deaf ears. As a result of that neglect, some 27 million people have endured the emotional and fiscal trauma of dealing with a crime some refer to as financial rape during the past five years. Identity theft is much more than a paperwork headache for victims. The crime has been blamed for everything from divorce to suicide to murder. It threatens happy retirements as well as college student loans. In its very worst form, it can even land innocent people in jail. The trials victims endure can be more surreal and maddening than anything Franz Kafka ever imagined—and their stories must be seen to be believed.