Bloomberg Businessweek

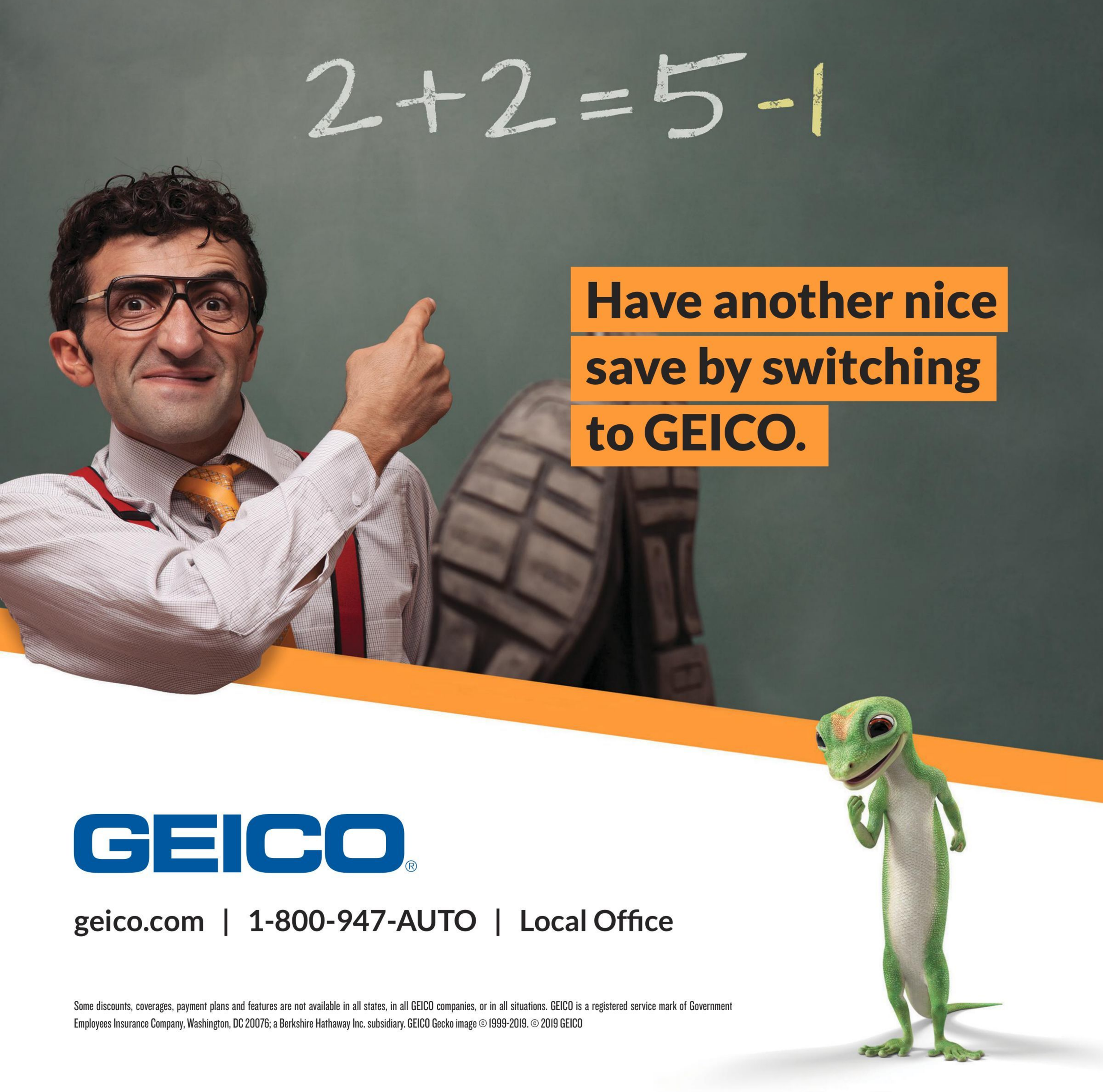
July 1, 2019

SUMMER SPECIAL

THE HEIST ISSUE

ROBBERS FRAUDSTERS FIXERS
THIEVES SMUGGLERS SNITCHES
POACHERS POLYGAMISTS SNITCH

NICE SAVE.



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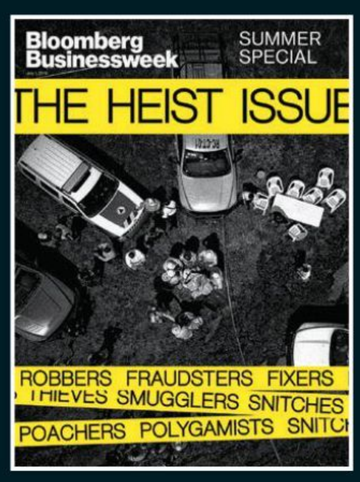
THIS IS A HEIST.

We're here to steal your summer with a bingeworthy issue filled with true-crime stories. These are business stories, mind you. Although most people—including, presumably, you—spend their professional life building companies and earning money the usual ways, some don't. There will always be people crazy, or brazen, or reckless, or desperate enough to break the rules. Some—for example, the jet-set photographer/spy/freelance man of mystery Baruch Vega (page 22)—might make those of us playing it straight a little envious. Until they get caught. Now hand over your free time, we have some stories for you.

—*Bloomberg Businessweek*

THE HEIST ISSUE

TABLE OF CONTENTS



ON THE COVER: IN MEXICO, WHERE AN ILLEGALLY TAPPED FUEL PIPE KILLED DOZENS LAST JANUARY, FIREFIGHTERS PRACTICE THEIR RESPONSE TO A LEAK. PHOTOGRAPH BY HECTOR GUERRERO FOR BLOOMBERG BUSINESSWEEK

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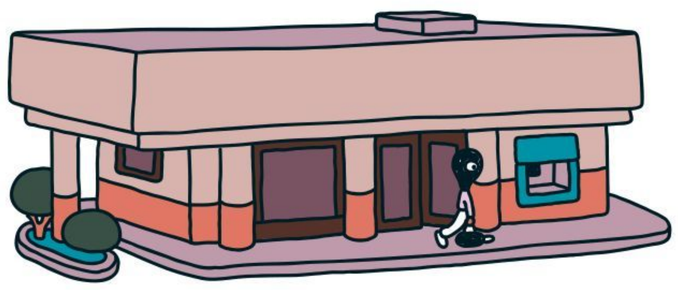
The first time he got $2,151.

2/5/13
BANNER BANK, EVERETT

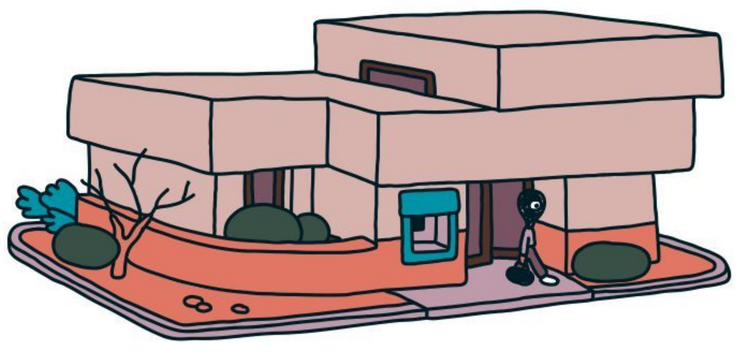
The second time it was $2,122.

2/19/13
WHIDBEY ISLAND BANK, MILL CREEK



The third time, $2,760.

3/1/13
WHIDBEY ISLAND BANK, EVERETT



Bloomberg Businessweek

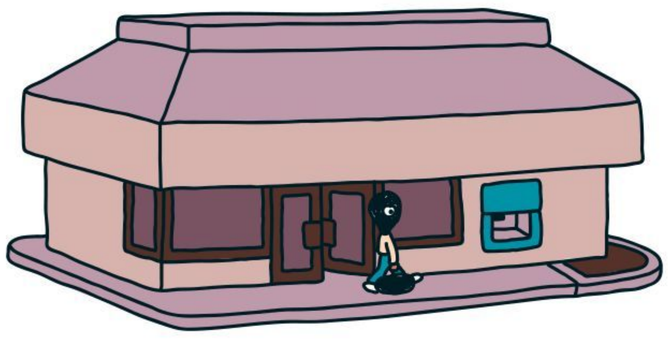
July 1, 2019

BY JOSH DEAN
ILLUSTRATIONS BY
OSCAR BOLTON GREEN

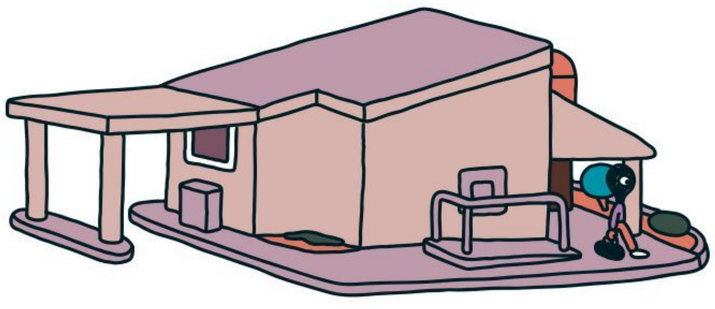
He was the Cyborg Bandit and the Elephant Man Bandit, perpetrator of a yearlong, 30-bank robbing spree. He was also a former Boeing engineer with a raging heroin problem

America's busiest bank robber was hooked

3/29/13: $1,189
WHIDBEY ISLAND BANK, BOTHELL



4/22/13: $0
BANK OF AMERICA, EVERETT



4/26/13: $1,580
WHIDBEY ISLAND BANK, SHORELINE

Bloomberg Businessweek July 1, 2019

When Anthony Hathaway spotted the black SUV with the tinted windows, he was pretty certain the end was near. The guys blowing leaves across from the KeyBank he'd been casing all afternoon seemed a little fishy, too—because it was February in Seattle and spitting rain. But that could have been the heroin talking, so Hathaway wasn't certain he was under surveillance until he saw the same black SUV pull into a parking lot, turn around, and pass by him again. "I just had a feeling," he said later. "But for some reason I didn't care."

Hathaway drove to a nearby Burgermaster, parked the minivan he'd borrowed from his sister, and injected the last of his heroin. He stayed there for an hour, slumped over the wheel asleep, then woke up and remembered the day's agenda. To make sure he wasn't being tailed, he drove 5 miles north, and when he saw no more blacked-out SUVs or helicopters or suspicious groundskeeping crews, he headed back to the KeyBank, found a parking spot, and walked casually toward the entrance, like a guy who needed to speak with a loan officer. He wore khaki pants and a brown jacket with tan stripes and carried an open umbrella, though the rain had mostly stopped. He was unarmed, like always.

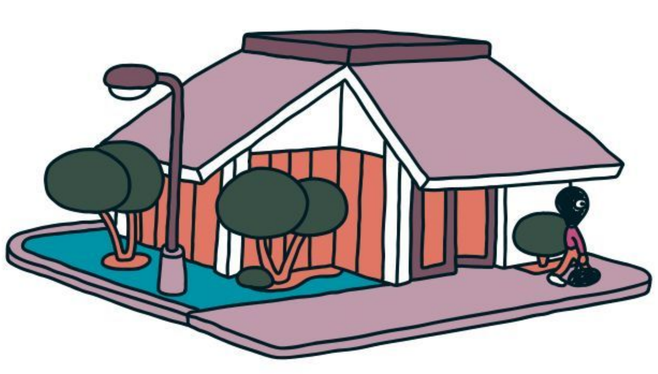
Hathaway slipped on latex gloves, pulled a mask over his face, and entered the bank at 5:25 p.m. with his umbrella still open. He yelled for everyone to get down, approached the only teller on duty, and asked for "large bills, fifties and hundreds." Bank clerks are taught to comply with robbers, and this one did as Hathaway requested, handing over $2,310 in mostly loose bills. Hathaway stuffed the cash into his pockets and walked calmly out of the bank, less than a minute after he'd entered.

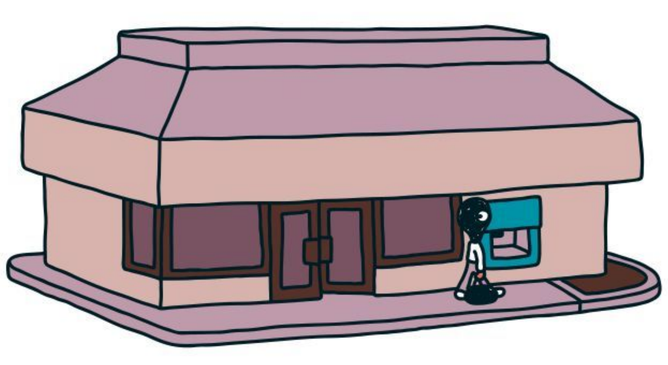
The law was waiting. Officers from multiple jurisdictions, including the FBI, intercepted him in the parking lot with guns drawn and put an end, after 30 robberies, to one of the most prolific bank-heist

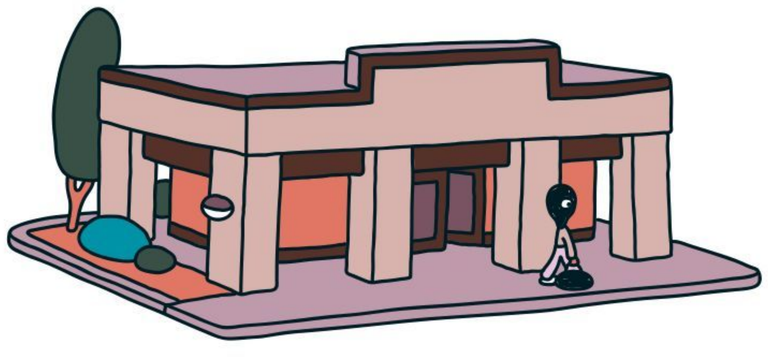
4/29/13: $3,590
BANNER BANK, EVERETT
(AGAIN)

7/5/13: $6,396
WHIDBEY ISLAND BANK, BOTHELL
(AGAIN)

7/12/13: $2,807
BANNER BANK, WOODINVILLE







BANK ROBBERY

streaks in history. Hathaway, 44 years old at the time, didn't hesitate or run. He put his hands in the air, lay down on the ground, and felt the world collapse upon him. He was scared of what was coming, but also relieved that a long nightmare was finally nearing an end.

Hathaway grew up in Lynnwood, about 20 miles north of Seattle. He was a decent student and a pretty good kid. At 20, with just a high school diploma, he was hired by Boeing Co. as a technical designer in the galley systems group, doing mostly computer-aided design work, and went to work at the factory in Everett, which is the largest building by volume on Earth. Ten years into the job, he was promoted to engineer—the only person in his group to reach that status without a college degree, he says—and he thrived.

For 11 years, Hathaway flew around the world in business class, helping Boeing's client airlines customize galleys. He became the engineering lead for galleys on the 747-8 Intercontinental, and by the early 2000s he was earning more than $100,000 a year, a good salary supplemented by profits from a drive-thru coffee kiosk he co-owned with his ex-wife and some partners.

Hathaway isn't sure exactly when or how he ruptured a disk in his back, but he suspects it was during one of the roller-hockey games he and some colleagues played after work in the Everett plant's vast parking lot. By 2005 the disk was so painful he sometimes couldn't get out of bed. So he had surgery. Afterward his doctor prescribed OxyContin, which erased the pain in a way that nothing else could. "It was like a miracle drug," Hathaway says—so miraculous he got hooked. He had a second back surgery, in 2008, and fell even deeper into an addiction he hid from almost everyone.

"It was really a couple years before I realized how bad it had gotten—when it got to the point where I needed more than my doctor was prescribing me," he recalls. "I was peeling the coating off of the OxyContin, crushing them, and snorting them. I knew I was in trouble." Eventually, he started smoking the Oxy, too.

The hole Hathaway was in kept getting deeper. The legitimate prescription his family doctor had given him wasn't nearly enough, so he was supplementing it with a second script from a shady "pill mill" physician who was later arrested. That script cost him $150 every two weeks, plus an additional $600 to fill it, because his insurance was already covering the legitimate pills. Somehow, Hathaway was still designing galleys and flying regularly to Europe, but his first stop after the hotel was often a local ER, where he'd show his U.S. prescription and a Boeing ID in exchange for a fresh script to replace the pills he'd "forgotten" at home.

In 2010, Hathaway leveled with Boeing. He told a supervisor that he had a serious addiction and needed to go to rehab. The company, he says, was very understanding. "I took a month off, and I went away to a treatment facility," he says. "On the way back, I stopped and got some more pills." He resumed working but was now spiraling. "I didn't let anybody know how bad things had gotten. I was ashamed and embarrassed. It's living one day at a time, trying to figure out how to get out of this hell I'm living in."

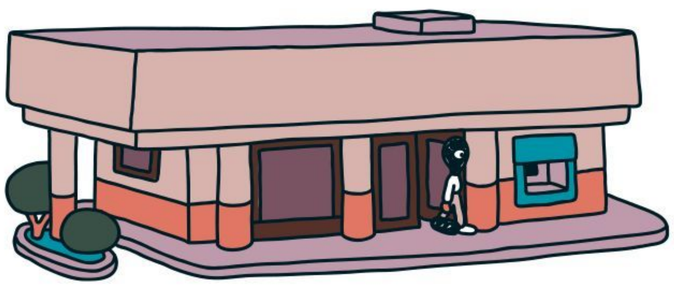
Here's what hell looked like: Hathaway was now homeless and living in a Subaru Outback in the Boeing parking lot with his 18-year-old son, Conner, who was also an addict. Hathaway says 2010 was a pivotal year—that's when Purdue Pharma LP, maker of OxyContin, changed the pill's chemistry so it couldn't be crushed into a snortable powder or heated into a vapor for inhaling. The new version had a time-release formulation; it was useless to addicts who were crashing.

"That is the beginning of the heroin epidemic," Hathaway says, pointing to himself as living proof. He and his son began using heroin to get the same results they used to get from crushed Oxy. "It's hard to explain to somebody who hasn't been through it how it takes over your life," he says. "The worst thing is ▶

7/17/13: $2,840
WHIDBEY ISLAND BANK, SHORELINE
(AGAIN)

8/12/13: $2,966
WHIDBEY ISLAND BANK, MILL CREEK
(AGAIN)

8/29/13: $1,075
U.S. BANK, MUKILTEO



BANK ROBBERY

◀ the withdrawal. If I stop, I'm not going to work. I'm not eating. I'm not doing anything." Addicts begin to schedule their lives in eight-hour increments, in fear of the crash. "Withdrawal sends you into such a terrible sickness that all you can think about is you got to get well," Hathaway says. "It gets to the point that it's not about being high, it's about not being sick. I think that's the thing that's hard for people to understand. It's really about not being sick."

He took another leave from Boeing. He and Conner were now using several hundred dollars' worth of heroin every day, and his salary wasn't enough. They got desperate and in June 2011 decided, somewhat impulsively, to rob a bank. It was Conner who went inside. A dye pack hidden in the cash blew up as he left, leaving a bright red smoke trail to a getaway vehicle that someone saw him getting into. Police ran the tags and found him, holed up in a cheap motel with his dad.

Both were arrested, but only Conner was charged; the police couldn't prove Hathaway had been involved. Regardless, he spent a few weeks in jail. That was the end of his career at Boeing—the company fired him for job abandonment.

Hathaway moved in with his mother, Kandy, who was gravely ill with chronic obstructive pulmonary disease and on oxygen 24 hours a day. He became her caretaker and she his enabler. "She was hoping I could get some help, but there wasn't anything she could do," he says. The two of them lived off Kandy's Social Security, plus food stamps. Hathaway somehow hung on and didn't die, doing what he could to pay for his habit—until 2013. "That's when I started robbing banks," he says. "My mom's living on Social Security and we gotta make ends meet, so I gotta try to do my part. I think I just justified it like that."

Even at his most desperate, Hathaway had a moral compass that was operational, if badly bent. Many addicts steal from houses because it's easy, but Hathaway couldn't stomach that. "I don't wanna make someone else's life miserable just to try to make mine a little better," he says. Banks seemed OK. "I figured that the money is insured, and I'm not really taking it from other people," he says.

Bank robbery obviously carries significant risk, not the least of which is that it tends to get the attention of the FBI. But Hathaway says he wasn't acting rashly. "It's not something I just woke up and ran out and did one day," he explains. "I started planning. I knew that as long as I didn't leave any fingerprints or DNA or facial recognition that I should be able to pull this off without too many problems."

One important detail: Tellers don't resist. He knew this because his mom once worked in a bank and told him that she was trained to do whatever a robber asked. "I knew that you can go in there and you don't have to have a weapon," he says. "You don't have to hurt anybody. They're gonna give you money."

The streak began at 1:40 p.m. on Feb. 5, 2013, at a Banner Bank in Everett, not far from the Boeing office where Hathaway had designed airplane kitchens for 22 years. He chose the location because it was rarely busy and right off of Interstate 5, providing rapid egress.

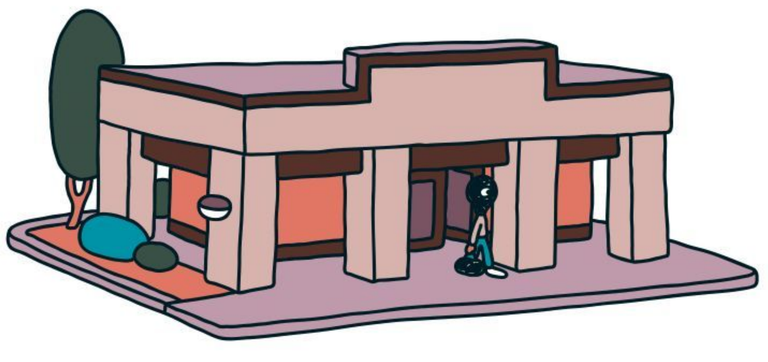
Hathaway had practiced for this, occasionally in front of his mom, who disapproved but was helpless to stop him. He rehearsed the movements, using the clock on the microwave as a timer to hone the process so he could get in and out in under 45 seconds. He experimented with disguises, especially his mask. He tried all kinds of face coverings before settling on a simple gray knit beanie that he could wear without looking suspicious, then pull down over his face until the fabric was stretched enough to see through. Simple but effective.

By the time he left home that day, Hathaway was "99% certain that I could get away with it." Still, he was "extremely nervous" as he strolled into that Banner Bank—and then extremely surprised at how easy the

9/3/13: $3,279
U.S. BANK, SHORELINE

9/24/13: $1,740
KEYBANK, BELLEVUE

10/2/13: $1,177
BANNER BANK, WOODINVILLE (AGAIN)



BANK ROBBERY

actual robbery was. He'd parked the getaway car, a Ford pickup he stole from a guy who'd left it idling outside a pharmacy, at a Denny's on the far side of the bank, so it was out of view for anyone inside. It didn't matter if people outside saw him, because he removed his mask before he left and walked out casually, like a customer who'd just stopped in to cash a check.

Hathaway left the key in the ignition, so he didn't need to fumble for it, and the on-ramp for I-5 was within sight, just across the intersection. All he had to do was pull out, turn right, and go. But when he turned right, the light was red. And not only that—at the same light, on the other side, was an Everett police cruiser. Hathaway froze. "I'm thinking, Are you kidding me? It felt like 10 minutes but was probably 20 seconds." Then the light turned, and he drove calmly up the on-ramp and was gone. "I was so happy. I remember driving down I-5 thinking, I can't believe I got away with that. I thought at that point this was so easy."

HATHAWAY'S MASKS

COURTESY FBI

The cop had been there by chance; he never hit his lights. That taught Hathaway something valuable: "It takes a certain amount of time for them to get the call and respond." He also learned he should observe the sequence and duration of traffic lights. That way, he could be in his car and ready to go as they turned green.

He cleared $2,151, and got almost the same amount two weeks later from a Whidbey Island Bank in Mill Creek. This could work, he thought. So he devoted himself even more to the craft. A few robberies in, he had a nickname—the Cyborg Bandit, because detectives thought the knit mask was some kind of metal mesh—and a spot on a TV show, *Washington's Most Wanted*.

Hathaway always tossed or burned the gloves, hoodie, and shoes he wore on a job, to eliminate DNA evidence and to be sure he didn't repeat an outfit and give police and bank employees something to look out for. Same with cars. He didn't ditch those, but he never used the same one twice. After the first robbery he'd realized he didn't need to steal a vehicle; there was always an addict happy to lend out a car for a few hours in exchange for $100 or some dope.

To confuse police, Hathaway changed disguises. The second one was, in retrospect, ridiculous. He modified a T-shirt, cutting away the entire back so it was just the front hanging from the collar, like a janky homemade apron. He cut some eyeholes into this smock mask and wore it under a button-down shirt. As he prepared to enter a bank, he'd pull it up and over his face. Police called him the Elephant Man Bandit.

The third and final mask was a kind of hybrid. Hathaway cut the sleeve off a T-shirt, made two eyeholes, and wore it on his forehead like a headband—which he could pull over his face as he entered a bank. "It was definitely the best of the three," he recalls. It was easy to make and deploy, and he could pull it down around his neck on the way out, letting him walk away without looking suspicious.

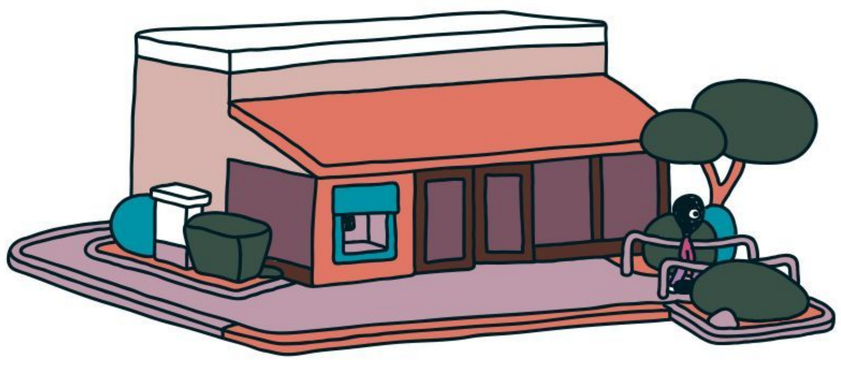
Once, he thinks it was about 10 robberies in, the bank slipped a GPS locator in with the money, but he found it while escaping and tossed it out the window of his car as he sailed down the freeway. Another time, Hathaway failed to notice that a bank had security glass, and the woman behind it simply refused his demands. "She just stood there and shook her head at me," he says. He had no choice but to retreat—and fast. Then there was the time a woman sat in her car just outside a bank "breastfeeding her kid for like two hours," Hathaway recalls. "That was interfering with me trying to get this done." She finally left, and he robbed the bank at 5:57 p.m., three minutes before it closed.

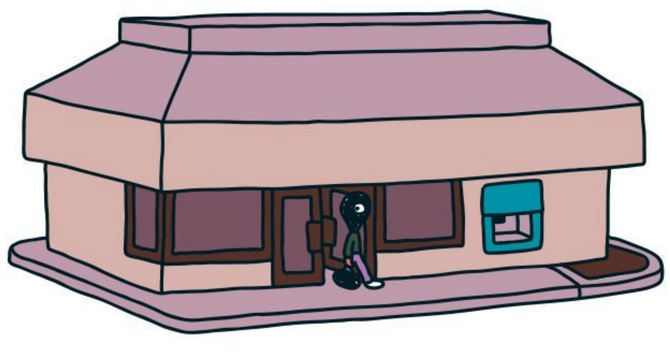
Hathaway robbed five banks two times and two ▶

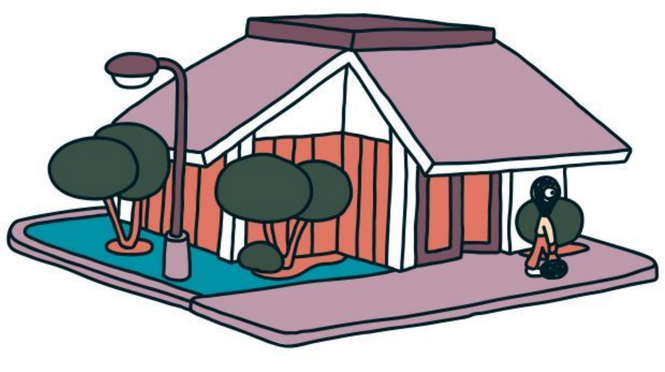
10/18/13: $863
U.S. BANK, SHORELINE

10/28/13: $1,454
WHIDBEY ISLAND BANK, BOTHELL
(AND AGAIN!)

10/30/13: $700
BANNER BANK, EVERETT
(AND AGAIN!)







BANK ROBBERY

◀ banks three times. The single biggest haul was $6,396 from a Whidbey Island Bank in Bothell, and the worst, $700, was from the Banner Bank where the spree started, on the third time he robbed it. Bank robbery was good, consistent work but also kind of a grind. "There was never enough money," Hathaway says. "Every time I got money, we're spending it"—mostly on drugs but also on rent and occasional trips to a nearby casino, as a treat for his ailing mom. Every time Hathaway hit a bank, he hoped he'd hit a jackpot and walk out with $20,000, but it never happened.

Hathaway robbed a bank once a week, more or less, for most of 2013, excluding a 67-day hiatus in May and June that caused detectives to think their elusive thief had been arrested for something else and was in jail. Not the case at all. He and his mom had ridden a string of good luck at a tribal casino north of Seattle and hit three jackpots, and more than $6,000, in a single night. "It was enough that I didn't have to rob any banks for a couple months," he says.

When Hathaway resumed in July, looking for targets began to feel like a full-time job. "I would spend days casing out a place, driving by, making sure they don't have a security guard, and setting up my escape route—until I got comfortable with the whole plan. I'd usually do it towards the end of the day, when traffic was heavier." Heavier traffic meant a slower police response and more cars to vanish among. "My main goal, though, was to make sure there were never customers. I'd sit there all day if that's what it took to make sure there's no other people in there." If the situation called for it, he might jump on the counter and attempt to be menacing—like a bank robber from a movie. More commonly, all that was necessary was a quiet conversation with a single teller. They always complied.

As the months dragged on, the robberies got easier; the shorter days meant he could hit the banks after dark, and the Pacific Northwest's never-ending rain allowed him to carry an umbrella, which was a great way to avoid being caught on camera as he approached. On the flip side, it got harder and harder to find banks that fit his criteria. More were using guards—there was a serial bank robber on the loose, after all. He had to drive farther and scout longer to pick targets. And he tried not to improvise, but shit happens. Hathaway robbed a HomeStreet Bank in Marysville in November, because it happened to be very near the Wells Fargo he'd been casing but couldn't hit because of technical difficulties—as in, an armored car that lingered too long at the ATM. "So I just walked right past them and robbed the other bank," Hathaway says.

For his 23rd robbery, on Saturday, Dec. 14, he tried something different. He brought an accomplice—a random junkie he recruited to stand inside the door as backup so he could jump up and over the counter and

"WAS IT TOO EASY?"

not worry about his back. The idea: to get more money in the same amount of time. "To be honest with you, I was really sick of robbing banks," Hathaway says. "I thought if I could get 20 or 30 grand, I'd just go figure out my life and not be doing this shit."

He got $6,120, which was great, but he had to split it, which wasn't great. Also, a partner meant more risk, not to mention worry and whining.

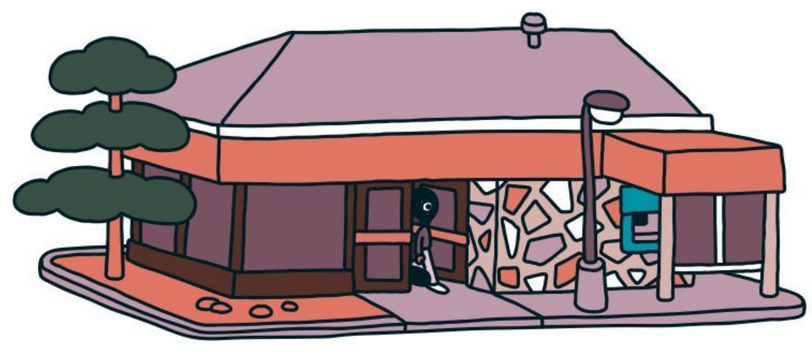
The grind was wearing on Hathaway. And the addiction didn't help. "Honestly, I got to the point where I didn't really care as much," he says. "I knew I needed help, and I couldn't figure out how to get it, so I'm like, Yeah, I understand I could go to prison. If that's what happens, that's what happens. Maybe that'll be what I need to get back on track."

On the day of his 29th robbery, Hathaway spent the afternoon in Lynnwood casing out a Chase Bank he'd robbed a month prior. Located in a

11/7/13: $1,925
HOMESTREET BANK, MARYSVILLE

11/13/13: $5,000
KEYBANK, SEATTLE

11/30/13: $1,485
WELLS FARGO, KIRKLAND



BANK ROBBERY

shopping area with a Fred Meyer grocery store, it was unusually busy. He just couldn't find a time when it was empty. So he turned his attention to the U.S. Bank inside the Fred Meyer. "This would be a huge mistake," he recalls. "I'd spent the whole year going out of my way to ensure no customers, and now, out of desperation, I'm about to break the golden rule that had contributed to my success. Furthermore"—and this is a big furthermore—"both of my sisters work at this Fred Meyer."

Hathaway went in anyway and got $3,450 without incident—except that a customer followed him out of the store and saw him get into a light blue Honda minivan with a Seahawks sticker and a mismatched mirror. A light blue Honda minivan that belonged to one of those sisters.

"UNFORTUNATELY, YES"

Everett police put out an APB on the car, and a couple of days later a patrolman noticed it parked outside the duplex where Hathaway and his mom lived next door to his sister and her family. He was put under 24-hour FBI surveillance, police told him after his arrest. A week later, on Feb. 11, he saw that black SUV en route to KeyBank.

Not long after a Seattle police sergeant tackled him in the parking lot of that bank, Hathaway found himself cuffed to a desk inside an interrogation room in the Seattle Police Department's robbery unit, on the seventh floor of headquarters downtown. Across from him were Seattle PD Detective Len Carver and King County Sheriff's Office Detective Mike Mellis, veterans of numerous bank robbery cases and members of the FBI Safe Streets Task Force, formerly known as the Bank Robbery Task Force.

Hathaway was dead to rights, and he knew it. He sat slumped in his chair and answered questions politely, never once raising his voice or acting defiant. The detectives told him they'd been watching him "for probably much longer than you think" and that they knew this wasn't his first robbery. "We did not stumble on you at KeyBank today because I happened to be driving through with a doughnut in my hand," Carver said, according to a transcript of the interrogation.

"I'm a heroin addict," Hathaway replied, then told them the story of his descent. "This opiate addiction…it just f---ed my life up."

The two cops walked Hathaway through 30 robberies one by one, and he confessed to them all. Mellis later recalled for a report that Hathaway was "sad, crying at times" as the eight-hour interview progressed.

"I just wanted enough money to get outta here, to leave," Hathaway told the detectives. "That's what I told my mom. If I could just get enough money, I could go buy some methadone, and we could leave. We could get out of this environment for a while until I can get off this stuff and try to get back to work and get my life back."

He warned the detectives that he'd be useless to them by morning. Withdrawal would be upon him, and he'd be "in the worst pain you can imagine," he said. At the moment, though, he was lucid. "They're gonna put me in prison. I don't think it's fair," Hathaway said, which wasn't the same thing as claiming he was innocent. "I knew when I left this morning that I was taking this chance…I'm not gonna sit here and feel sorry for myself. I mean, it is what it is. I gotta man up and do my time."

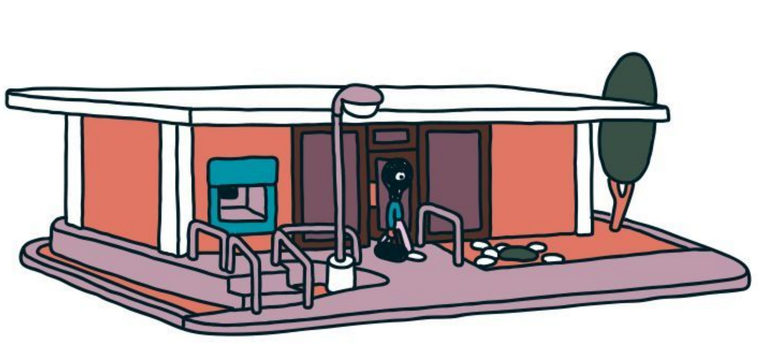
As the detectives walked him through the heists, they probed for details, and Hathaway was happy to divulge. He told them how he picked targets, the best time to rob them, and where to park the getaway car.

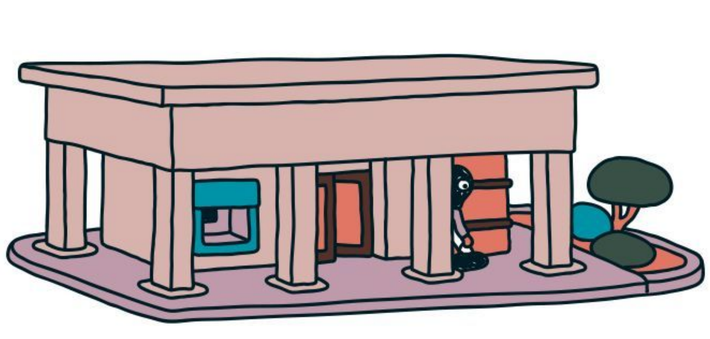
One of the things that most puzzled Carver and Mellis were the masks. Carver said he'd been sure ▶

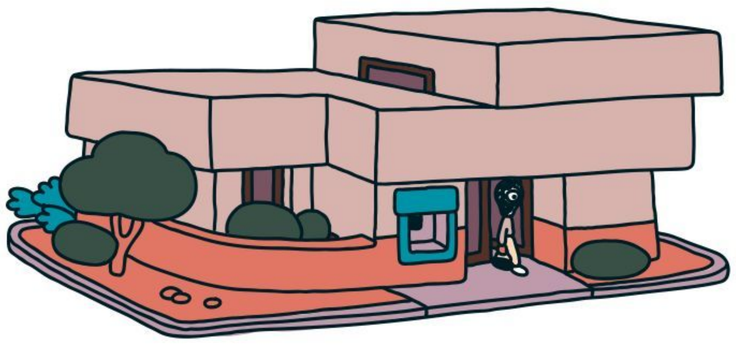
12/4/13: $1,871
STERLING SAVINGS, SEATTLE

12/14/13: $6,120
WELLS FARGO, BELLEVUE

12/16/13: $803
WHIDBEY ISLAND BANK, EVERETT
(AGAIN)







BANK ROBBERY

◀ the cyborg mask was made of metal. And the Elephant Man—what the hell was that? "Was it literally just a T-shirt draped over your head?" Carver asked. "I've never seen a guy just drape a T-shirt over his head and cut some holes in it."

It was effective, Hathaway said, but imperfect. It was hard to cut the eyeholes in exactly the right place—the first time he wore the disguise he pulled the shirt up and couldn't see anything. So he had to adjust the mask on the fly while trying not to panic.

Carver and Mellis chuckled. They'd seen this footage and wondered what the robber was doing. Carver placed a printout of a still photo taken from security cameras on the table. It was Hathaway in that mask.

"God, that looks ridiculous," Hathaway said.

"You know what?" Mellis said. "I gotta say the first time we saw you do that we actually joked among ourselves." This criminal with the sack on his head seemed…unimpressive. "We said, 'You know, this guy's gonna be easy to catch'—and here we are a year later still trying."

"I spent a lot of time planning this stuff to not get caught," Hathaway replied.

Carver wanted Hathaway to know that he'd made mistakes. He forgot about ATM cameras and had been photographed in profile more than once. He'd started to repeat some items of clothing—for instance, the red hoodie he was wearing at this moment. And then he used his sister's minivan to rob a bank inside the store where she worked. After a year of careful robberies, leaving very few leads for cops, that one seemed especially reckless—stupid, even.

"The thought was, I need money for dope," Hathaway said. "And every freaking bank I go to has security guards all of a sudden. It wasn't that way when I started. I was having a hard time finding the right one. I wouldn't just rob any bank; it had to be one that met the criteria I was comfortable with."

Hathaway said he had a feeling he'd been spotted leaving Fred Meyer. And while he hadn't connected the two things at the time, he now recalled a flurry of police activity around his house a few days later. That was surely the day someone spotted the minivan.

"You're obviously shoddy near the end," Mellis said. "It was one of the things that helped bring down your downfall, put it that way."

Carver later told a prosecutor that the level of sophistication in these robberies was "greater than any other bank robbery that he had seen." That Hathaway had never used a weapon or harmed anyone was likely to help him with the courts. The "lack of overt violence," Mellis later told the local press, was "a point in his favor."

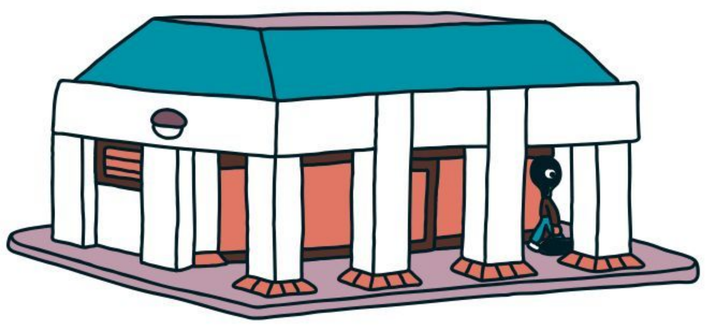
"Was it too easy?" Carver asked Hathaway.

"Unfortunately, yes," he answered.

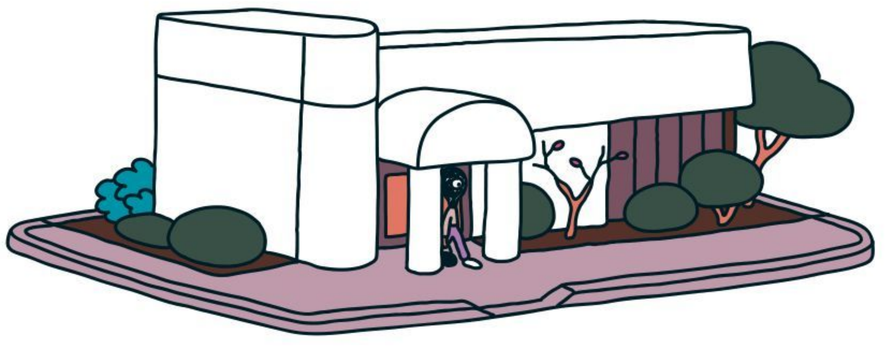
Hathaway detoxed in a King County jail cell, vomiting for days into the toilet he shared with 20 men—until his delirious howls got so bad that the guards moved him to the hole in a suicide smock. When he came out the other side, Hathaway went back to the group cell and stayed there for two years, rejecting plea offers while writing briefs and pushing his various public attorneys to challenge the district attorney for a better deal. Finally, in 2015, he agreed to a plea. Hathaway pleaded guilty to four counts of first-degree robbery and one count of first-degree theft in exchange for eight years and 10 months. He had two years' time served already and got three more for good behavior, which left basically four years, to be spent at the Monroe Correctional Complex, 45 minutes northeast of Seattle.

During those two years at King County jail, when he wasn't writing legal briefs, Hathaway read "probably 100 books" and wrote the rough draft of his autobiography, which he titled *I Fade Away*. He wrote about the robberies, of course, but also about the unraveling of a life. "It's really a painful story about a guy who pretty much had it made and lost it all

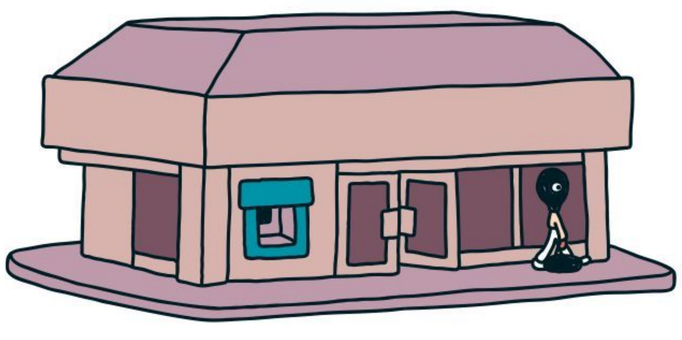
12/31/13: $1,132
KEYBANK, WOODINVILLE



1/4/14: $5,050
CHASE BANK, LYNNWOOD



1/13/14: $5,677
BANNER BANK, EVERETT



BANK ROBBERY

because he became addicted to pain medication that he was prescribed to by his family doctor," he wrote in an email from prison. "I deserve to be in prison for robbing banks. OxyContin took almost everything from me. I didn't deserve that."

When he transferred to Monroe from King County, the draft of his autobiography and all of his personal drawings and papers were lost.

For the past three years, Hathaway, now 50, has been living at Monroe with more than 2,000 other inmates. First he was "inside the walls" at the maximum-security prison, but after a year officials moved him to a minimum-security unit that everyone calls "the camp."

Here Hathaway has a window that opens, a TV with 90-some channels, and a job doing maintenance in the Special Offender Unit, which gets him out of the camp from 7:30 a.m. to 3:00 p.m. five days a week. His pay is 42¢ an hour, with a maximum of $55 per week, and 20% of that goes to court fees and restitution for his crimes. The court ordered Hathaway to pay back $76,500, with 12% interest. "It'll be around $112,000 by the time I get out," he tells me during a visit in June. "But I have my whole life to pay it off." A lawyer told him that as long as he makes payments every month, even small ones, he can apply later to have the interest waived.

In five years, Hathaway can claim his Boeing pension. He's still the 50% owner of the drive-thru coffee shop, though it's making less than half of what it did a decade ago. And he's heard Boeing hires felons. "There's a possibility I could go back," he says. "But I'm not sure I want to work for a big company again."

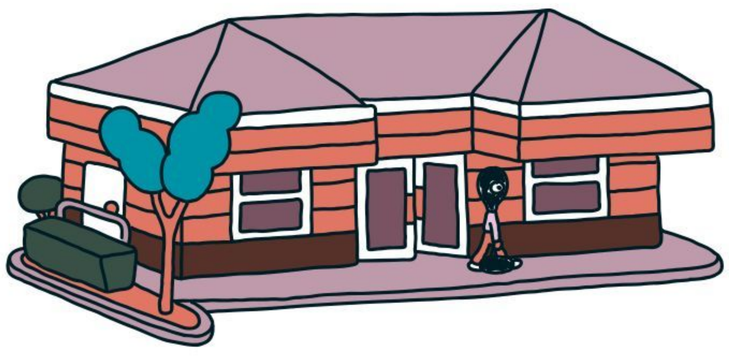
Hathaway will be free to walk out the prison gates on Dec. 23, but he may be leaving even sooner, perhaps sometime this summer if his application for house arrest with an ankle bracelet is approved. He's already borrowed some money from his pension to help rent an apartment for Conner—who's out of prison and working as a carpenter—Conner's girlfriend, and their 4-year-old son. Hathaway plans to move in there to babysit his grandson while he figures out his next steps.

He's been watching the backlash against Purdue Pharma as much as he can without regular access to the internet, and once he's out, Hathaway plans to talk to lawyers and join a class action against the company, if possible. "There are a lot of people like me that were prescribed Oxy for legitimate purposes, not knowing it was pharmaceutical heroin—not knowing how addictive it was. And lost everything. And when I say everything, I really do mean everything," he says. He'll be starting over with no job, no house, no car. He'll almost certainly need a new career at 50.

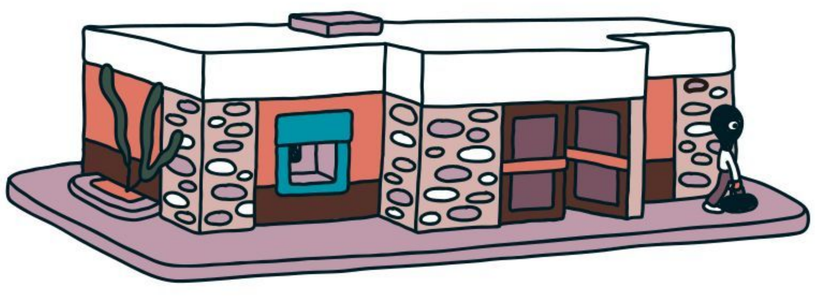
Hathaway regrets many things, especially what the arrest did to his family. It was particularly humiliating for his daughter, who was then in high school. People at her school, he says glumly, thought he was one of the good dads. He also feels bad about taking that guy's Ford truck before the first robbery. "Of all the shit I did, I think I feel worst about that," he says. All of the man's keys were on the chain. "I'm sure he was freaked out and had to change his house locks."

And yet, Hathaway still thinks about banks—maybe too much. Movies can trigger it. Books, too. "Without question there is an amazing adrenaline rush when you run into a bank and jump up on the counter," he says. "For a whole year that was my life. So I have to be aware. I fully plan on doing all the right things, and I'm confident that I'll be successful. But if for some reason things went wrong, it would be way too easy for me to get back into it. Because I know how easy it is. I've done it 30 times. And that was on heroin. I think with a straight mind, things would have gone a lot differently." He laughs. "Of course, I wouldn't have been robbing banks in the first place." Ⓑ

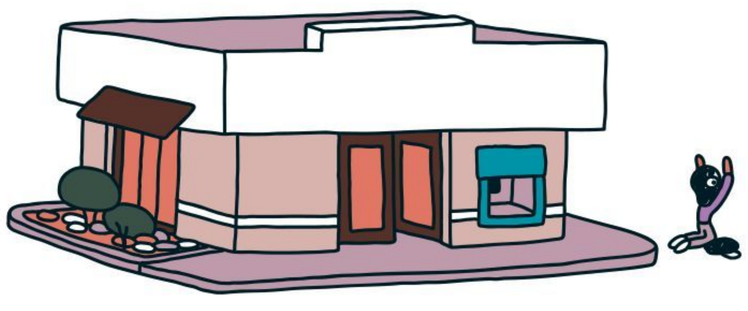
1/24/14: $2,680
KEYBANK, MUKILTEO



2/4/14: $3,450
U.S. BANK, LYNNWOOD



2/11/14: $2,310
KEYBANK, SEATTLE
(AGAIN)



ROBBERY TOTALS AS
REPORTED BY THE FBI

BANK ROBBERY

THE HEIST ISSUE

Bloomberg Businessweek

July 1, 2019

TOO CRAFTED A WOOD THIEF

14

Bloomberg Businessweek

July 1, 2019

BY SARAH McBRIDE
PHOTOGRAPHS
BY BALAZS GARDI

Park rangers use hidden cameras to capture tree poachers in national forests

PERO AT A CRIME SCENE IN REDWOOD NATIONAL AND STATE PARKS

Deep into a California forest, up a steep hill and surrounded by ferns and branches, Ranger Branden Pero came across the victim, brutally attacked by ax and chainsaw. The clue that led him to this remote patch of the Redwood National and State Parks was a pile of rocks. The onetime stone barrier, now dismantled, had blocked access to a disused logging road. As Pero walked down the unpaved track to investigate in January last year, he came across the barest outline of a fresh path. It led directly to the crime scene.

The victim was a tree. Specifically, it was a burl—a rounded protrusion from an ancient redwood that bulged out from the lower portion of the trunk. Burls contribute to a forest's complex ecosystem of growth and regeneration. In the eyes of collectors, their rich and intricate grains make them prized pieces that can be crafted into tables, bowls, and other objects. Taking any plant from a national park is a violation of multiple U.S. laws; taking and selling old-growth redwood, which takes hundreds of years to develop, strikes Pero as particularly egregious.

"It's never going to be the way it was," he says, standing in front of the ravaged tree stump, its cavity extending above and around him.

In the past, unless Pero caught criminals in the act, his chances of identifying them and attempting to administer justice were slim. But technology has improved the odds. On the day he discovered the site, remaining chunks of burl told Pero that the perpetrators hadn't finished the job, so he hid several motion-triggered cameras around the area.

Plant theft in U.S. parks is worsening. Instagram and Twitter feeds have helped stoke the desire for obscure flora—not just burls. In Asia demand is growing for various succulents, which until recently nestled inconspicuously in crannies along the coastline parks of California. In the past two years in several busts, agents have intercepted troves of thousands en route to South Korea and Japan. Ginseng and saguaro, found mostly in the eastern U.S. and Arizona, respectively, are also vulnerable to thieves.

In 1890 preservationist John Muir wrote a pair of influential articles in the *Century Magazine* that helped establish Yosemite National Park and bolstered the nascent park movement overall. Even then, Muir battled Gifford Pinchot, the first chief of the U.S. Forest Service, and other leaders of the conservationist movement who were proponents of using U.S. resources sustainably for mining, logging, and other commercial purposes. Many entrepreneurs in rural ▶

Bloomberg Businessweek July 1, 2019

BURL IN STORAGE AT WAGON WHEEL BURL

"THESE AREN'T THE RANGERS FROM WHEN WE WERE

POACHING

◀ areas bristled at new restrictions; environmentalists argued they didn't go far enough.

A modern-day version of this conflict unfolds regularly at the redwood shops that dot the thoroughfares of Northern California. Prized for its beauty and ability to withstand rot, the wood can be sold legitimately if it's been harvested from private property. A carved bench might go for $750 to $1,000; more elaborate pieces can fetch $5,000 or more. Burl, with its intricate patterns that can resemble lace and feathers, is often sliced into slabs to best display the beauty of the wood. The pieces, irregularly edged round or oval shapes, can measure from a foot or two to 10 feet in diameter.

In between commercial smelt fishing and heading the local volunteer fire department, James Simmons runs Wagon Wheel Burl, on the east side of Highway 101 as it winds through the tiny town of Orick. At a shed behind his shop, he rolls back a door to show off a personal collection of burl slabs, including one about 4 feet across with a particularly fine shape and a pattern reminiscent of a tiger's striped coat. Last year, a hobbyist offered to buy it for $500 to use as an inlay in pool cues; Simmons confesses to feeling happy when the customer decided to go with another piece, allowing Simmons to hold on to the slab.

He takes a less sentimental approach when it comes to the redwood parks—the main operations center is just a few feet up the highway from Wagon Wheel. "I'm not a big fan of park rangers," he says. To his mind, many of the parks' rules are "stupid," particularly a regulation banning removal of redwood pieces that wash up on the beach—part of the park—at the mouth of Redwood Creek. The wood just ends up floating out to sea and clogging shipping lanes, he says, when it could be gathered and carved. "It's a good natural resource going to waste."

Simmons doesn't buy redwood from peddlers he suspects got it from the parks, but he can't say whether other vendors in the area follow the same policy.

'KIDS. 'HERE'S A BIRD, LOOK AT THIS FLOWER.' NO"

A MOTION-TRIGGERED CAMERA

POACHING

Pero believes the burl thief was banking on a willing buyer. The ranger developed his appreciation for both nature and law enforcement growing up fishing and hunting in Redding, Calif., where his father handled maintenance operations for nearby Whiskeytown National Recreation Area. Most years, the family vacationed in the park where he works now. "I was brought up in a way where I was recreating in the outdoors everywhere," he says.

The damaged tree Pero discovered in January off May Creek was not Pero's first criminal case involving a plant victim. As a member of the National Park Service's law enforcement division, he'd prosecuted boaters for destroying protected seagrass while he was assigned to Everglades National Park in Florida. Pero also regularly apprehends drug dealers and helps the Humboldt County Sheriff's Office respond to domestic abuse cases. He carries a .40-caliber SIG Sauer pistol and stashes a shotgun, a rifle, extra ammunition, and protective body armor in his truck. "These aren't the rangers from when we were kids," says Simmons. " 'Here's a bird, look at this flower.' No."

Pero retrieved the memory cards the month after he'd set up his ▶

THE HEIST ISSUE

July 1, 2019

POACHING A SAGUARO

PERO'S CAMERAS HAD CAPTURED A LIGHT-COLORED TRUCK DRIVING ONTO THE TRACK

RANGER SAMUEL ARNBERGER IN SAGUARO NATIONAL PARK

cameras. The images had captured a light-colored truck driving onto the track and its driver emerging from the cab. The man was somebody Pero had seen around Orick: Derek Hughes.

In March, Pero served a search warrant on Hughes, who lives in a tumbledown shack behind a house a short drive from the crime scene. Pero and his colleagues found a stack of redwood by a fence, plus redwood slabs hidden under a tarpaulin. More pieces lay scattered around a small workshop. All told, Pero and his team removed 32 pieces. After examining the haul, a ranger told a judge that the wood likely matched the tree at the May Creek site.

Humboldt County Deputy District Attorney Adrian Kamada has charged Hughes with seven counts, among them conspiracy to commit a crime and vandalism, both felonies. “My client maintains his innocence,” Hughes’s attorney, Luke Brownfield, a county public defender, says. He “plans on taking the case to trial.”

Kamada is becoming the go-to prosecutor for thefts of this type. He’s consulted with prosecutors from other coastal counties, aiming for the toughest possible penalties. In June last year, he successfully secured felony convictions for three poachers who’d been caught two months earlier with more than 2,000 valuable rose-shaped succulents known as dudleya. They came from the cliffs by Humboldt Lagoons State Park, just south of Orick. “The recreational stuff I love to do is all connected to the parks,” says Kamada, who grew up fishing, kayaking, and surfing in the area. “Trying to find ways to protect that is why I became a prosecutor.”

Sixteen months after identifying Hughes, Pero is frustrated that the burl bust hasn’t yet gone to trial, given court delays. He hopes a strong sentence might discourage others so the redwoods can grow in peace. “I want my kid to be able to come out here and see the same things I saw,” he says. “Future generations.” B

REDWOOD PIECES ON DISPLAY AT WAGON WHEEL BURL

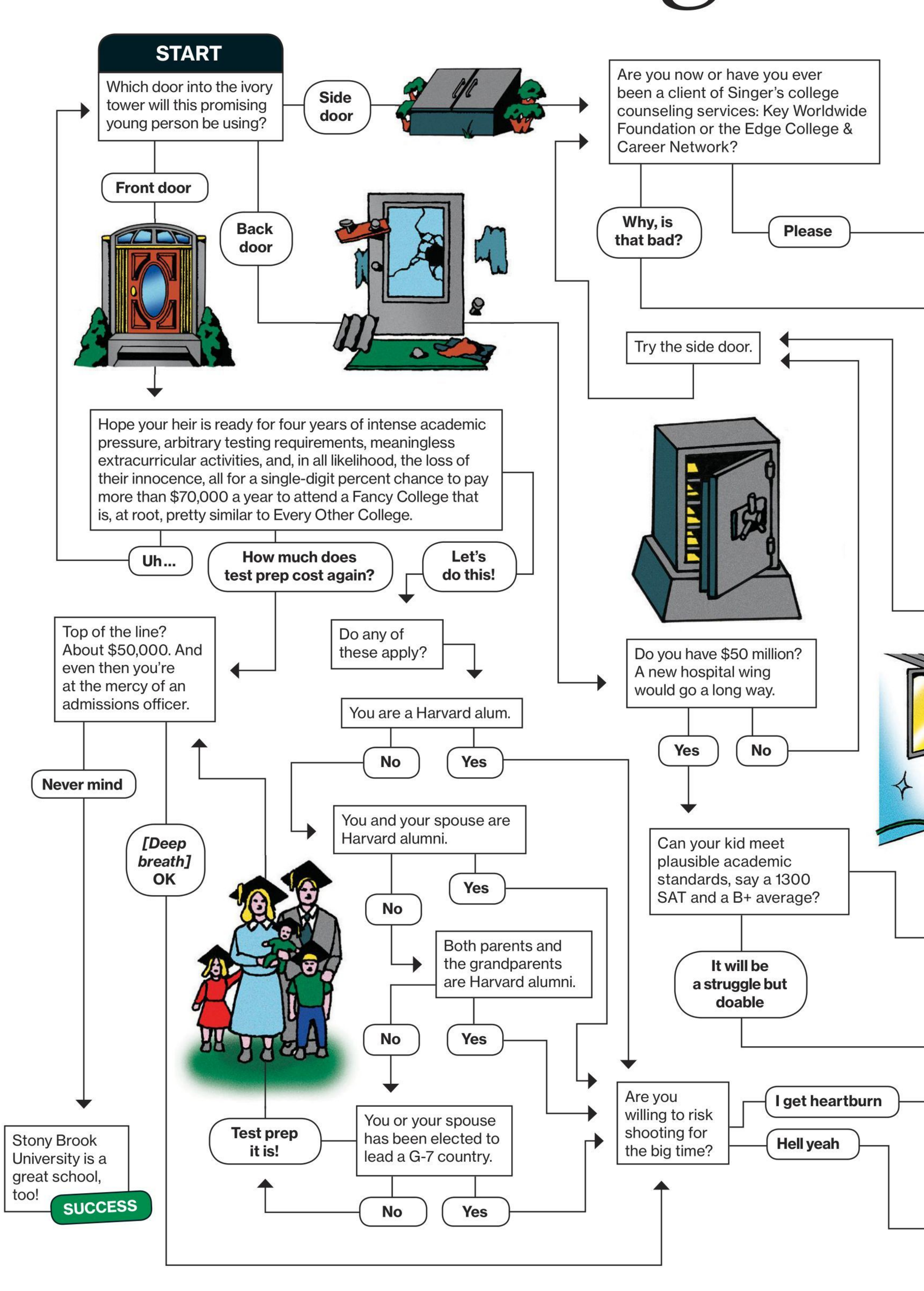
POACHING

Bloomberg Businessweek July 1, 2019

So You Want to Buy Your Kid Into College

For most of the modern era, there have been two ways to get your offspring into a prestigious U.S. university: hope they're the real deal with legitimate academic chops—aka the front door—or make a major donation to the university—aka the back door. Either way, there were no guarantees. Then, on March 12, we learned about a third way: the side door, described by college counselor and cooperating witness Rick Singer in a 204-page federal indictment charging dozens of people in an elaborate scheme to falsify applications and pay off college gatekeepers. There were any number of ways to take the side door: getting your kid more time on standardized tests by faking a learning disability; hiring someone to take the tests for them; lying about your kid's athletic abilities; and bribing coaches to look the other way. The side door could be expensive, though not usually as expensive as the back door. But most important, Singer explained, it was foolproof. Now the side door is all but closed. What's a parent to do? —*Janet Lorin*

ILLUSTRATIONS BY FELIX DECOMBAT



I've never seen a more graceful jump over a square oxer

Wow! Ivy League!

Perfect. Cornell fields a varsity equestrian team.

Is that even Ivy League?

Cornell is a great school, too!

SUCCESS

How would your family feel about relocating to a state with only one congressional district? Top colleges obsess about geographical diversity, so you'd be doing them a favor by sending them some more applications from Montana.

Cruel twist (at least since Ivy League schools started recruiting world-class squash prospects from overseas)! How are the blessed child's show-jumping skills?

Any other options?

We have a chalet in Big Sky!

We've been to Big Sky!

We have a house on Hilton Head Island

What about skiing?

We have lift tickets in Deer Valley

Will you actually live there, though?

Yes

No

And your kid skis, right?

Yes

No

FAIL

Get a lawyer.

Does your offspring play any obscure sports?

Second team all-prep-league squash!

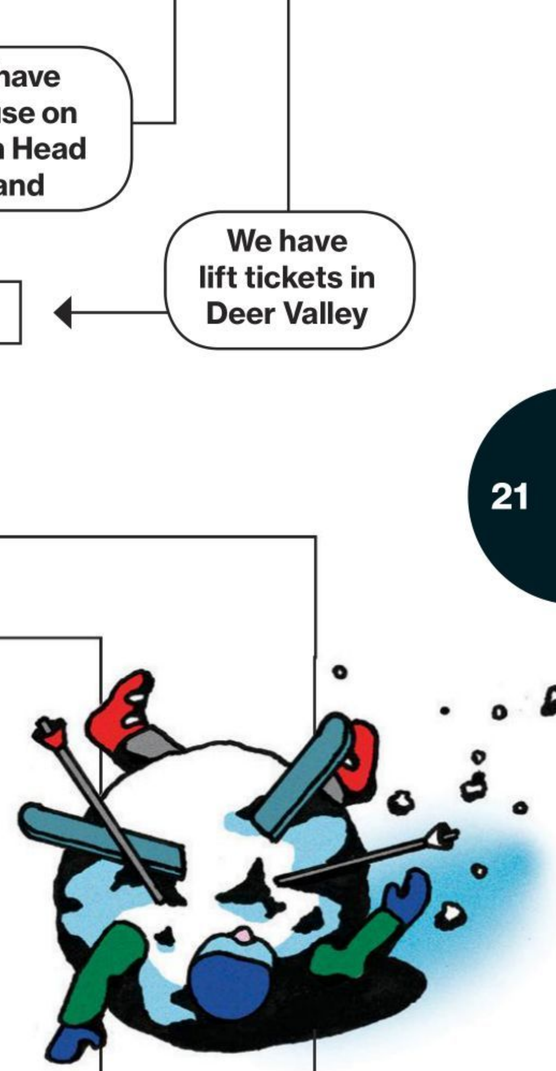
I would hardly call *Fortnite* obscure

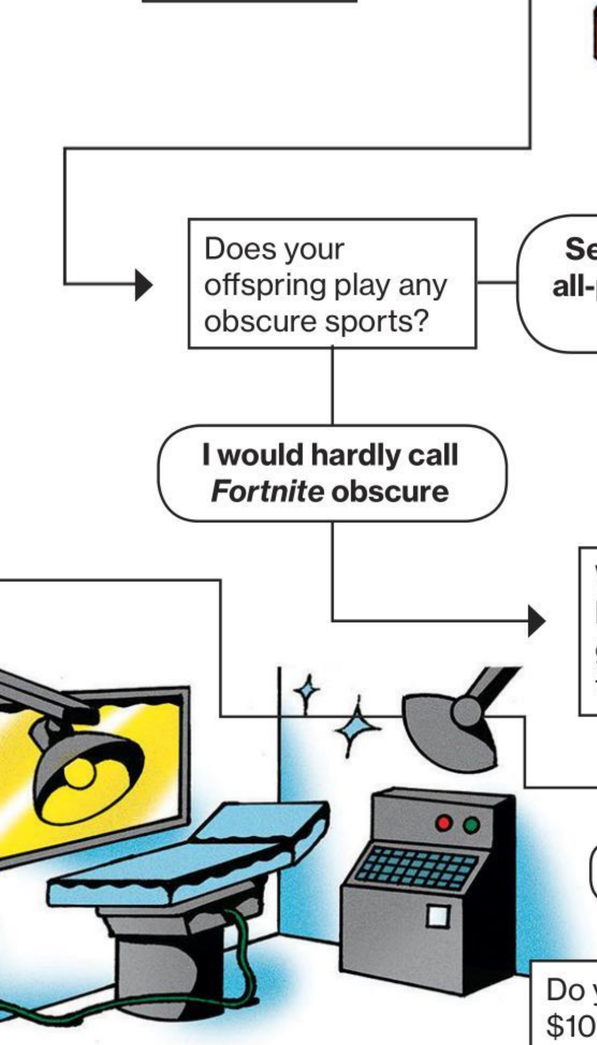
William & Mary is a great school, too!

SUCCESS

UC Irvine is a great school, too!

SUCCESS





No

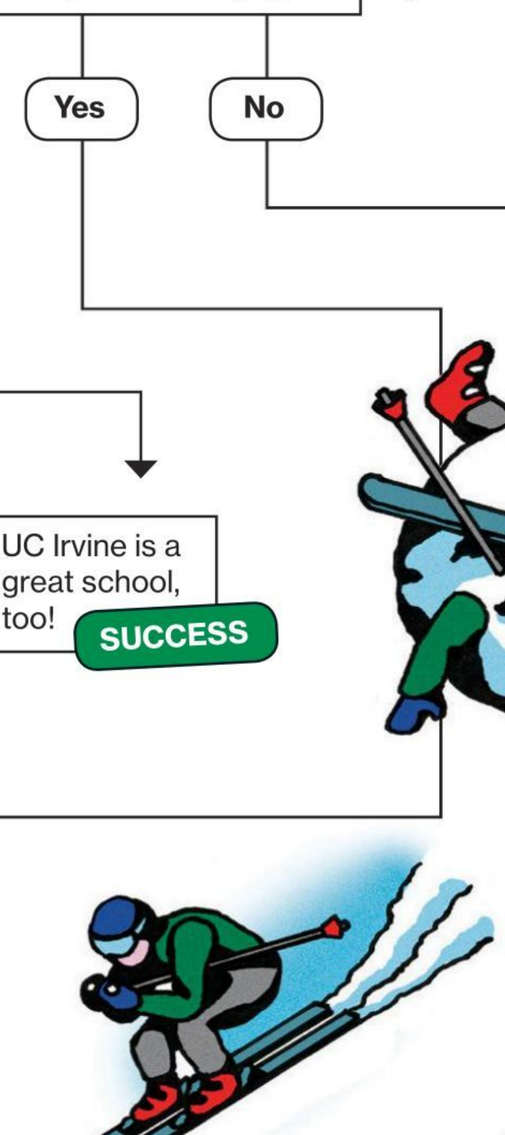
Do you have $100 million? Two new hospital wings would be even better.

Yes

The little zombie hasn't taken a break from playing *Fortnite* since early 2018

SUCCESS

Congratulations! When people ask where your kid's going to school, you can start saying "Boston."

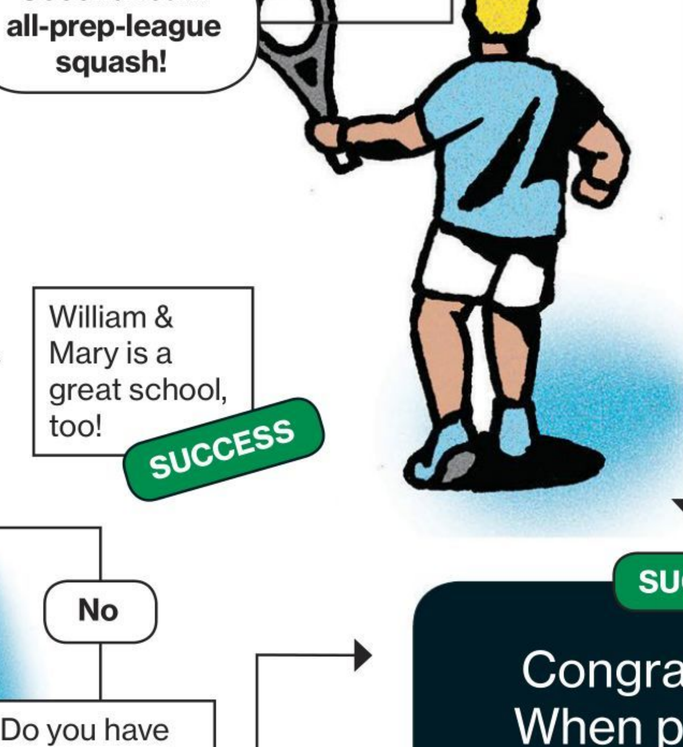


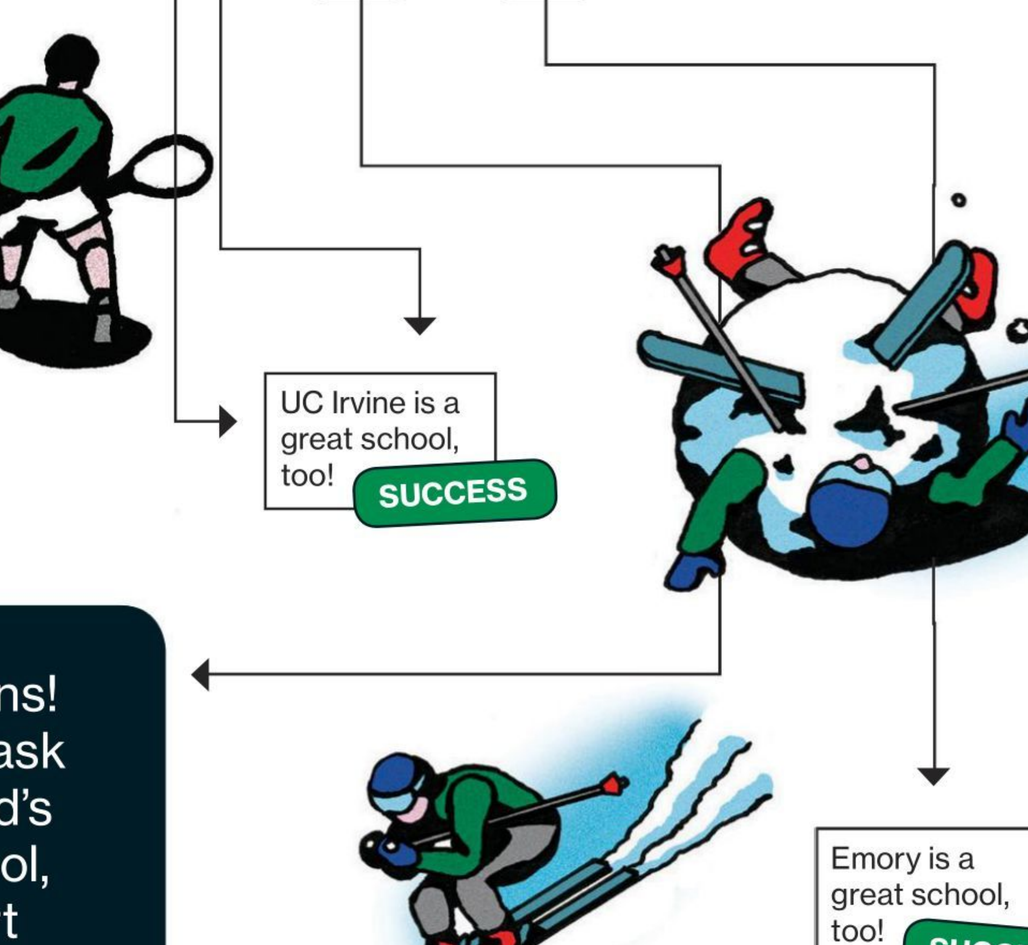
Emory is a great school, too!

SUCCESS

Oberlin is a great school, too!

SUCCESS





THE HEIST ISSUE

July 1, 2019

KING OF THE SNITCHES

BY ZEKE FAUX

PHOTOGRAPH BY LOGAN WHITE

At the height of the drug wars, Baruch Vega won the trust of American cops, Colombian cartel bosses, and coked-up hit men. Was he the ultimate spy or the ultimate con man?

I.
THE RAID

When the FBI showed up at the door of his penthouse in Miami Beach, fashion photographer Baruch Vega was drinking merlot with a group of models, stylists, and assistants. The group had just returned from two weeks of shoots in Puerto Rico and Cancún. They were preparing for another in Jamaica the next day.

It was March 21, 2000. Vega was 50 and feeling like he'd hit his prime. Trim and tan, he owned a nine-seat Hawker jet and was a fixture at South Beach's trendy restaurants—always wearing a tight black T-shirt and surrounded by beautiful women. He was thinking of trying to make one of them his fourth wife.

But this fabulous life was actually a cover. Although none of his four daughters or his fashion friends knew it, Vega was a freelance spy working for the U.S. government. He'd insinuated himself into the social circles of Colombia's cocaine kingpins. And even as he provided information to the U.S., Vega was also running a con. Between photo shoots, he'd talked some of the world's most dangerous drug traffickers—including a former gunman for Pablo Escobar—into agreeing to pay him more than $100 million.

Vega had the narcos convinced he was close with corrupt members of the all-powerful U.S. government "Blitz Committee," an interagency task force, and could, for a price, make their legal problems go away. As far as the cartel members could tell, Vega was legit. Once they paid him, the rules of the drug war seemed not to apply. Men wanted for murder were waved through customs. Criminals and Drug Enforcement Administration agents visited strip clubs together. One known trafficker threw a party on a yacht in Miami to mark the millennium. Another went to Disney World.

Drug traffickers were such regular visitors to Vega's penthouse, he wasn't alarmed when one, who went by El Médico ("The Doctor"), ▶

◀ rang his doorbell that evening. El Médico wanted to discuss the $7 million he'd paid Vega. He said the FBI knew about it and had been asking who got paid off. Vega tried to wave off the questions, saying he'd just spent the money, and El Médico left seemingly satisfied.

Vega didn't know it, but the FBI was listening. Around 9:30 p.m., as his group was about to head out for dinner, agents showed up. Vega stayed calm, offered the FBI agents wine, and told his friends to go on and order him a veal chop.

The agents refused the wine. They ordered Vega to sit, put on latex gloves, and started searching his apartment. Vega made a show of trying to help, directing them to a camera case stuffed with more than $400,000 in cash. He said the money was part of his work for the DEA. But the agents didn't buy it. They questioned him for hours. Early the next morning, they told him he was under arrest. He was charged with money laundering and obstruction of justice. The FBI claimed he'd taken cash from dealers and interfered with investigations. The next week, agents raided the DEA's Miami headquarters and hauled out the computers and notebooks of anyone who had anything to do with Vega. It looked like one of the biggest scandals in the history of the drug war.

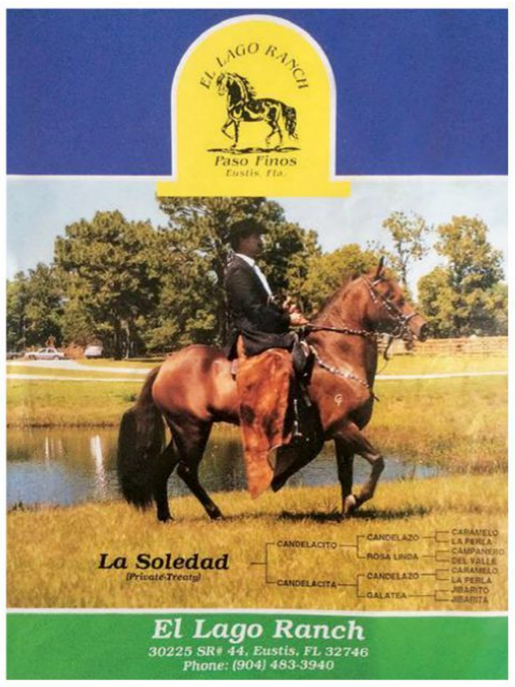
And then the case was dropped, no explanation given. Twenty years on, Vega is eager to explain why and tell his story. Like a kind of narco Forrest Gump, he recalls crossing paths with all the major players. He says he delivered drug money to Panamanian dictator Manuel Noriega and flirted with Escobar's wife. He trained DEA agents to pose as his photography assistants and used models to recruit cartel members as informants. And then there was the time Medellín capo José Gonzalo Rodríguez Gacha threatened him by showing him two severed hands floating in a bucket of blood.

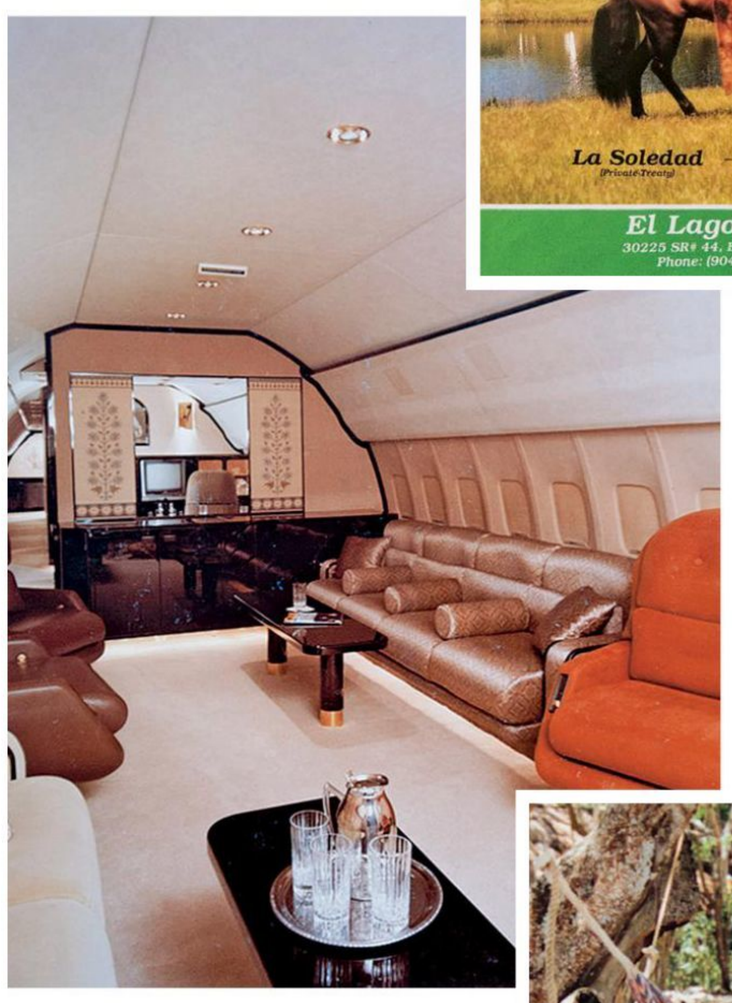
Vega was, according to Vega, one of the most successful undercover operatives of all time—a spy whose charm, cunning, and cool under pressure were matched only by his skill with the ladies. He admits to swindling traffickers, but insists he did so on behalf of the DEA.

As crazy as these claims seem, most are backed up by internal DEA documents and thousands of pages of court records from the trials of traffickers that have taken place since. In interviews, two dozen federal agents, prosecutors, and defense lawyers, as well as one very angry former cartel boss, contend that Vega did something so audacious it shouldn't have been possible: He simultaneously conned two of the most dangerous organizations in the world, Colombia's fearsome Norte del Valle cartel and the U.S. government.

"It became such a mess that the government as a whole just said f---ing bury this," says Paul Craine, who was a DEA agent in Bogotá in the late '90s. "If we try to unravel this, we're going to have to prosecute FBI agents, DEA agents, prosecutors. It was so crazy, where do you even start?"

A BROCHURE FOR VEGA'S HORSES; ONE OF HIS JETS; TWO OF HIS FRIENDS RELAXING ON A TRIP TO COLOMBIA





II.
A LUCRATIVE CAREER

I found Vega through an online photo portfolio stamped with his personal logo—an intertwined B and V—and featuring page after page of pouty-lipped women in skimpy swimsuits. I wrote to ask if he might be interested in discussing his undercover years. He was. We talked for hours on the phone, then at a bar at the Four Seasons Hotel in New York.

"We were really able to dismantle the biggest drug trafficking operation in history," he said and took a sip of wine.

Now 72, Vega stands about 5-foot-10, with buzzed gray hair and a deeply lined face. He joked that he looks like a Shar-Pei, but he's still handsome. Within minutes of my arrival, he was hitting on the waitress. He's also fond of superlatives: Models are "spectacularly stunning," rich people are "mega-multi-billionaires." He was in Manhattan, he told me, to raise money for a cryptocurrency venture.

Born in Bogotá, Vega claimed he was recruited as a teenager by the CIA to infiltrate radical student

SWINDLES

VEGA SHOOTING AT THE MUTINY HOTEL IN MIAMI

groups. (The agency doesn't reveal its informants, but two federal agents confirmed that Vega did at least some work for the CIA.) He got into photography around the same time, at first as a way to meet women. He'd approach them on the street and ask to take their picture. Once he was shooting, he'd tell them how beautiful they'd look naked. In Vega's telling, passion would take over. "They were so ready to explode," he told me. "For them, it was a tremendous escape."

Vega said he quit the CIA in the mid-'70s and moved to New York, where he started a modeling agency, Intramodel Beauty. He also befriended a crack-smoking Venezuelan hit man, Rafael Rodriguez, better known by his alias, Amilcar. Vega partied at Studio 54, jumped into Champagne-filled hot tubs at Miami's Mutiny Hotel, and helped Amilcar's cartel buddies launder some of their money. Drugs were everywhere. "If they did not offer you cocaine, you would say this was a low-class event," Vega said. He added that he never partook.

He also never entirely trusted Rodriguez, and when the hit man admitted to killing some of their mutual friends as part of a turf war among Miami's cocaine cowboys, Vega went to the police. (Rodriguez pleaded guilty to murder and died in prison.)

Vega's new friends in law enforcement came in handy in 1985. He was in a tight spot financially—a flamboyant tax shelter promoter with two mischievous pet monkeys had scammed him out of most of the money he'd made selling the modeling agency. (The story is so outlandish, I wouldn't have believed it, but the dispute, along with the monkeys, shows up in court records and newspaper articles from the time.) Vega's law enforcement acquaintances proposed that he could work as a paid informant for them. That sounded exciting. And Vega's lifestyle wasn't cheap. Models, he said, "need private jets, mansions, major hotels. That's the difference between a model and a regular woman."

That was the start of Vega's lucrative career in the drug wars. He never told his family what he was up to, not even when one of his daughters, a child actress, was preparing to star in the movie *Spy Kids*. "My parents can't be spies," her character in the movie says when she learns about their double life. "They're not cool enough."

III.
THE DRUG TRAFFICKER RESOCIALIZATION PROGRAM

In 1989, President George H.W. Bush gave an Oval Office speech during which he held up a bag of crack and declared war on drug trafficking. America was being ravaged by drug use, he said, and in Colombia, "cocaine killers" were murdering judges and politicians with impunity. "Our message to the drug cartels is this: The rules have changed," Bush said. He announced $2 billion in funding for international drug policing.

The push gave cops in both countries the leeway to target kingpins, sometimes in ways that pushed ethical and legal boundaries. It also provided ▶

FROM TOP: COURTESY VEGA (3). COURTESY ELISABETH GRANLI

◀ ample opportunities for corruption, which Vega turned out to have a knack for exploiting. In the early 1990s he persuaded his handlers in Florida to give him a confiscated ranch to help him establish a new cover, as a money laundering breeder of high-end Paso Fino horses. A cartel member would give Vega, say, $2 million in dirty cash, and then "sell" him a horse in exchange for a check and a phony receipt. Vega would take a cut. The horses were a bonus—"very lovely," he recalls.

In 1997, after the ranch operation ended, Vega met a rising DEA star named David Tinsley. At 42, Tinsley was sharply dressed, zealous, and eager to take risks. Former colleagues say he had special permission from the Justice Department to run an operation in which his informants posed as crooked financiers and laundered millions of dollars for traffickers. The fees they charged gave him a slush fund to pay for expenses the government wouldn't normally cover—faster cars, nicer hotel rooms, fancier restaurants. Tinsley declined to comment for this story.

Tinsley told Vega he wanted to take down the biggest, baddest cartel. That meant Norte del Valle, which exported $1 billion of cocaine a year from its labs in the jungles of western Colombia and was protected by a violent paramilitary army. In particular, Tinsley wanted to go after Danilo González, one of the most powerful police commanders in Colombia, whom he suspected was secretly working for the cartel, according to a memo he wrote to his bosses in 1999. González gained fame as a leader of Search Bloc, an elite police squad that had tracked down and killed Pablo Escobar in 1993, but he was rumored to have worked closely with Escobar's underworld enemies.

Tinsley's strategy was to cultivate informants using the threat of U.S. extradition. He told Vega he'd be willing to offer reduced sentences to criminals who flipped. The problem was that in Colombia, even being suspected of talking to police was a good way to die. A Norte del Valle boss, Diego Montoya, routinely tortured and murdered suspected turncoats, his secretary testified in a 2011 trial, adding that he'd have videos of the killings delivered to his hideout. "All snitches, snitching sons of bitches, need to be killed," Montoya would say, according to the assistant.

Vega, ever the hustler, saw an opportunity. Cutting a deal with federal agents may have been taboo within the cartels, but paying off federal agents definitely wasn't. The cartel did it all the time in Colombia. So Vega suggested that he fly to Colombia and attempt to solicit bribes. He'd tell the traffickers he knew high-level people in the U.S. government who, for a few million dollars, would ensure them a sweetheart plea deal. Plead guilty, serve a minimal sentence, then retire in Miami. No snitching required.

"Living at the beach, nobody chasing you, nobody trying to kill you, with the blessing of the U.S. government, what else do you want for you and your family?" Vega says, summarizing the pitch. "It was a business proposition that nobody says no to."

Of course, to make it all work the traffickers would have to meet with the DEA after paying the bribe and sign a standard cooperation agreement. Vega would tell them they didn't have to rat out their friends—they could just put some cocaine on a boat and tell the DEA where to find it. That was a lie: The DEA agents would eventually start demanding

THE AUTODEFENSAS UNIDAS DE COLOMBIA, A PARAMILITARY GROUP, PROTECTED THE NORTE DEL VALLE CARTEL

names of associates or asking for real smuggling routes. But the beauty of the trap was that the traffickers wouldn't be able to tell anyone about what happened without revealing they'd flipped. Instead of denouncing Vega as a double-crosser, his marks would brag about how well the bribes worked. The more people Vega conned, the more credibility his system would gain, and the more former marks he'd have as salesmen. It would be like a pyramid scheme of snitches.

"Man, that's going to get you killed," David Lemoine, a retired FBI agent, recalls telling Vega. But Vega says Tinsley thought it was genius. He gave Vega a code name, Dr. B, and assigned a junior agent named Larry Castillo to be his primary contact. (Castillo didn't return calls, emails, or letters from *Bloomberg Businessweek*.) Vega says Tinsley promised him a reward for each informant he recruited and gave him permission to use the bribe money to finance the operation's expenses—a claim Tinsley would later dispute. If there was some money left over, Vega would count that as well-earned hazard pay.

"I used to call it my retirement," Vega says, grinning. "A healthy retirement, I'll tell you."

One of the first people Vega reeled in was Arturo Piza, a retired smuggler who ran an antiques shop in Medellín. Piza knew everyone in the cocaine business, and his store became Vega's meeting place. Piza led Vega to Julio Correa, a ponytailed former gunman for Escobar who was dating the most famous model in Colombia. Correa paid Vega more than $1 million, according to records from the DEA's investigation into Vega's scheme, and helped Vega bring in a second Escobar associate, who agreed to pay $1 million upfront and $7 million later.

Over a few months in 1999, Vega perfected his sales pitch. He would show prospects a laptop full of official-looking organizational charts and warn them about the horrible punishments they might face if they were caught. Then he'd invite them to join a U.S. government initiative, the Drug Trafficker Resocialization Program.

The name was made up, but it worked marvelously. Traffickers who'd already paid would recruit informants on Vega's behalf. Some of these interactions were captured on secret recordings that were later revealed in court. "Someone is opening a side door for us, how are we not going to want to take that way out?" one trafficker said. "Brother, what's the difference between five years and the rest of one's life?" an informant asked a fellow narco. "The difference is Baruch. As simple as that."

AFP/GETTY IMAGES (2)

NORTE DEL VALLE'S MONTOYA ROUTINELY TORTURED AND MURDERED "SNITCHING SONS OF BITCHES"

Vega's "clients," as he called the informants who'd paid him bribes, seemed to confirm Tinsley's suspicions about González, the police commander. They said the Norte del Valle cartel paid him to get information on operations and shared rumors that cops were participating in kidnappings and executions. Another Vega snitch gave the U.S. information that led to the seizure of 9,000 kilos of cocaine hidden in the mast of a ship. Tinsley claimed it was the second-largest maritime seizure in history.

By early 1999, some drug lords began to suspect Vega wasn't what he seemed. One kingpin Vega says he met with was murdered in prison. And in March, Piza, the antiques dealer, was assassinated in front of his wife by gunmen on motorcycles. An FBI agent warned Vega there was a price on his head, the agent would later tell DEA investigators. Vega says his trafficker friends told him González wanted him dead. He stopped traveling to Colombia to stay safe.

IV.
OPERATION MILLENNIUM

In October 1999, Vega heard from his DEA handlers that something big was going down. He says they told him to tell the traffickers he was trying to flip to lie low for a few days. He called Piza's widow and told her to spread the word.

The tip was accurate. Before dawn on Oct. 13, 1999, hundreds of DEA agents and Colombian police officers raided the homes of traffickers across the country. In Medellín, surveillance planes made sure the coast was clear before truckloads of agents cruised into a kingpin's ranch to grab him. Other officers in Bogotá smashed through a plate glass window at a trafficker's mansion, interrupting an all-night birthday party. All told, 32 were arrested. Operation Millennium, as it was known, was one of the biggest busts since the Escobar takedown.

Vega's tipoff almost blew the entire thing, according to the Bogotá-based DEA agents who ran it. To prevent leaks by corrupt cops, they'd kept Millennium secret until the last minute. Even the Colombian officials who went on the raids were told they were gathering ▶

◀ for professional development seminars. But Vega's DEA handlers in Miami had known about it days earlier. Three or four traffickers evaded arrest because of the intel. The DEA agents in Bogotá were furious with their Miami counterparts when they found out their colleagues had used Vega to undermine them. "Somebody should have went to prison for this," says Craine, one of the Bogotá DEA agents.

Instead, Vega's antics made him even wealthier. The tipoffs gave him credibility with the cartel, and the increased risk of extradition posed by Operation Millennium made his "resocialization program" more appealing. So many narcos were calling him that he decided to arrange a kind of narcos-and-agents convention in Panama City, a neutral location where Vega wouldn't have to worry about hit men.

He bought a Hawker jet so he and the traffickers could travel in style, and, a week after the raids, flew to Panama. He was joined by Correa, his Colombian informant-turned-recruiter, and Correa's model girlfriend. Fans swarmed them at the airport, according to Daniel Forman, a defense lawyer who flew in with Vega. Dozens of traffickers, relatives, and lawyers were waiting for them at the oceanfront InterContinental Miramar Panama hotel, where Vega had booked an entire floor of suites. "We were on top of the world," Vega says. "Everybody believed we were doing miracles."

Vega met with the traffickers in their hotel suites and delivered the resocialization pitch. Once they bought it, he'd walk them down the hall where a group of Miami DEA agents waited. Carlos Ramón Zapata—El Médico—agreed to pay $42 million to cover himself and some relatives. He gave Vega a $7 million down payment.

To celebrate, Vega took his clients and some agents to a strip club and paid dancers to party with them. His handler, Castillo, hooked up with a friend of Zapata's, he later admitted to internal affairs.

RASGUNO FLED TO CUBA INSTEAD OF CUTTING A DEAL AND WAS DEPORTED TO COLOMBIA IN 2007; A SNAPSHOT FROM ONE OF VEGA'S CONVENTIONS

At one point, Vega took a break from the conference to fly a trafficker who was wanted for murder in Colombia to Miami to surrender. Vega says the CIA helped smuggle him through customs. But once they were through, Vega's handlers told him DEA agents from Bogotá were heading to Panama City to make arrests. Vega flew back through the night and hustled the fugitives out of the hotel just in time.

Later, he met with Castillo and a DEA agent from Bogotá, Nicholas Kolen. Vega described his bribery scheme. Kolen listened—and was incredulous that Vega clearly didn't think he was doing anything wrong. "It was surreal," Kolen recalls. "They were dumb enough to give that spiel in front of me."

Kolen told Vega and Castillo to shut down their operation. They ignored him. Vega ran another convention the next month, then one in December. In January he lured his biggest target yet to Panama: Luis Hernando Gómez Bustamante, better known as Rasguño ("Scratch"), one of the top bosses of the Norte del Valle cartel and "the Pablo Escobar of his generation," according to U.S. prosecutors. Vega says Rasguño didn't flinch when he asked for $50 million.

Rasguño gave Vega and his handlers a clearer picture of González. He said the police commander was secretly a high-level member of the cartel. Vega says Tinsley was thrilled with the intelligence. With Rasguño's help, they might be able to bring the whole cartel down.

"BROTHER, WHAT'S THE DIFFERENCE BETWEEN FIVE YEA

V.
THE SNAKE CHARMER

Vega's enemies on both sides of the law were already trying to stop his scheme. Kolen and the other DEA agents in Bogotá complained to headquarters about how their colleagues in Miami were sabotaging their work. One prosecutor in South Florida, Theresa Van Vliet, heard that Vega was bragging he'd bought her off. She called Tinsley, irate. "Get your informant under control," she later recalled yelling at him.

Fabio Ochoa, a kingpin who was arrested in Operation Millennium, also became a problem. Vega asked his family, who'd run the Medellín cartel with Escobar, for $30 million to fix the case. They didn't take the deal. Instead, they taped the pitch and sent the recordings to the Justice Department.

In Miami, prosecutors confronted Vega's client, El Médico. They told him he'd been conned and suggested he could get a reduced sentence if he helped run a sting on Vega. At the Miami penthouse just before the raid, while Vega was unwinding with his friends, and in other meetings, El Médico got Vega to admit, on tape, to receiving about $3.5 million from Rasguño, among other payments, according to an FBI affidavit. That was all the evidence they needed to arrest him.

Vega says he expected Tinsley or his other law enforcement friends to clear up what he thought was just a misunderstanding. They never did. He spent 52 days in jail before making bail. The U.S. seized $1.5 million—all of Vega's cash the feds could find. The arrest blew his cover, and drug traffickers stopped making the payments they'd promised.

Vega tried to fight the charges publicly, giving interviews to reporters about all the good work he'd done persuading narcos to surrender. The magazine *Gatopardo* called him El Encantador de Serpientes ("the Snake Charmer"), and ABC News called him "Secret Agent Man." The *Wall Street Journal* quoted an anonymous U.S. agent who called Vega "our principal weapon" against the Colombian cartels.

The case was a law enforcement scandal, but it was even more disruptive to the cocaine trade, since it revealed the man many believed to be their mole inside the DEA to have been, instead, a triple agent. The Norte del Valle cartel splintered as bosses accused each other of flipping. One cartel associate who was working with the FBI, Jhon Jairo Garcia Giraldo, was lured to a farm, dismembered, and then tossed in a river, according to U.S. prosecutors. The relatives of another member who testified in the U.S. were hacked to pieces with chainsaws. Correa, Vega's model-dating client, disappeared in Colombia; paramilitaries would later admit to having incinerated his body. The intracartel feud inspired a novel, *El Cartel de los Sapos* ("Cartel of the Snitches"), and a telenovela based on the book.

Vega was worried he'd be next. He regularly heard rumors about traffickers who wanted revenge, and he faced deportation to Colombia if convicted. He lost his penthouse, and his jet was repossessed. He stayed in relatives' homes, motels, and truck stops. At one low moment, he had to sell a Hasselblad camera lens worth thousands for $100 just to buy gas.

But the worst thing, Vega says, was that shortly after the raid, federal agents ransacked his storage unit, dumping 11 cabinets on the floor and destroying his photo archive. Vega says when he found out, it was the saddest day of his life. The photos had nothing to do with the case. "I cried. I cried so much," he says. "The only things that were there were mega-gorgeous, spectacular-looking women."

In 2003, Vega's old enemy González got in touch out of the blue. The cop told Vega that U.S. authorities were preparing a case against him and he needed help brokering a deal. González knew Vega's program was fake, but at least the photographer had contacts with the DEA. Vega fell back into his old role, meeting González in Aruba in April 2003. They talked for hours at a poolside bar, while Vega secretly taped the encounter. He says that when he confronted González about the murder of Piza, the antiques dealer, and the contract on Vega's head, González seemed to accept responsibility. "We were in the middle of a war," González said, according to Vega. "We did what we had to do to protect ourselves."

Vega turned the information over to prosecutors, but before González could reach a deal, he was killed. In March 2004 a hit squad ambushed him at his lawyer's office in Bogotá. Diego Montoya, the Norte del Valle cartel boss, had offered a $3 million reward for the assassination, because he heard González was snitching, according to court testimony by José Carlos Robayo Escobar, one of the hit men. "He was a criminal just like we were," Robayo said.

On the day González was shot, Vega was in a Miami courtroom. Prosecutors had reduced the charges to tax evasion, and Vega had decided to plead guilty. In court, Vega begged the judge not to deport him. He said he was a U.S. patriot and that his arrest was the result of a conspiracy. He admitted to taking some ▶

"IT'S BARUCH. AS SIMPLE AS THAT"

THE DIFFERENCE? THE DIFFERENCE BETWEEN A FEW YEARS AND THE REST OF ONE'S LIFE?

FROM TOP: AFP/GETTY IMAGES; COURTESY VEGA

◀ drug money but said he needed it to cover expenses. “This was a self-financed operation,” Vega told the judge. “That’s why the government allowed us to have certain money. Of course I enjoyed that money. I was risking my life every day.”

The judge recommended Vega be allowed to stay in the country to protect his safety and sentenced him to time served. Vega was a free man.

VI. A STORY HAS THREE SIDES

The DEA’s final report on the scandal, which was posted online by *Narco News*, showed that Vega’s operation had violated DEA rules in every possible way. But it also included testimony suggesting that Vega’s handlers had been aware of the scheme despite their denials. Vega claimed an FBI agent helped him invent the system in the ’80s. The investigators tracked down Vega’s old FBI handler, Robert Levinson, who confirmed the story. Levinson said he let Vega keep any money he charged traffickers for himself. Vega’s FBI source file showed one gave Vega $50,000 and a Jaguar sports car as a retainer, and that Escobar’s cartel paid Vega $15,000. (Levinson disappeared in Iran in 2007 while on what the CIA called a “rogue” mission.)

One person involved in the case, who spoke on condition of anonymity, explained that the U.S. was in an impossible situation. If it prosecuted Vega for the scheme, he’d be able to call everybody involved in his operation to the stand. Even if the government could show that Tinsley hadn’t given Vega permission to solicit bribes, it would be hard to convict an informant who had a plausible claim that he was simply doing his job. And the trial would be a public embarrassment for the DEA and the FBI.

Tinsley, suspended during the internal affairs investigation, was reinstated in 2004, as was Castillo, the young agent who traveled with Vega to the conventions. “I thought they had suffered enough,” says Tom Raffanello, who took over as head of the DEA’s Miami office after the scandal. “Nobody can control any informant 24-7.” Tinsley retired from the DEA four years later and now runs a private security firm that calls itself “the first and only Judeo-Christian intelligence agency.”

Vega’s claim that he could sell get-out-of-jail-free cards was a lie. But it also turned out to be sort of true. His clients—at least the ones who weren’t murdered—are free because Vega tricked them into snitching. None had to serve more than six years in prison. Some have returned to Colombia, while others live in South Florida. Ochoa, the kingpin who refused to pay and informed on Vega, got a decades-long sentence. He’s not scheduled for release until 2026.

“He is a big, big liar,” Ochoa says in a phone call from a federal prison in Georgia. “He manipulates people. He likes to feel so important.”

Meanwhile, the Operation Millennium arrests, and the war of the snitches that followed, did permanently change the drug trade. The Norte del Valle cartel never recovered. After González’s death, the leaders of the other factions were captured and brought to the U.S. Other, less violent traffickers eventually rose to take their place.

Today, Vega lives in Maui in a modest house near the ocean. Craine, the Bogotá DEA agent, who is now retired, estimates that the photographer’s swindle generated $50 million. But Vega says that the total was much less and that he blew it all on wine, jets, and other model-related expenses. He says he didn’t stash any in offshore accounts—despite 20 years of experience doing just that as an undercover money launderer. “Without being presumptuous, I think I am one of the top money launderers who ever worked for the government,” Vega says. “But I have something that is called integrity.”

OCHOA WILL LIKELY BE IN PRISON UNTIL 2026

Vega still does the occasional photo shoot—this spring he photographed models on a beach for a German clothing catalog—and claims he gets called on for “highly classified” missions by his friends in Washington. He’s revising a memoir. In it, he’s not a con man. He’s an irresistible lover and a crime-fighting international man of mystery. His drug-trafficker clients are happy with his services, and his scheme ends the drug war and brings peace to Colombia.

Vega tells me this is true, all of it. A few times during our talks, though, he hints that I shouldn’t necessarily take him at his word. “A story has three sides—your side, my side, and the truth,” Vega says. “And no one is lying.” Ⓑ

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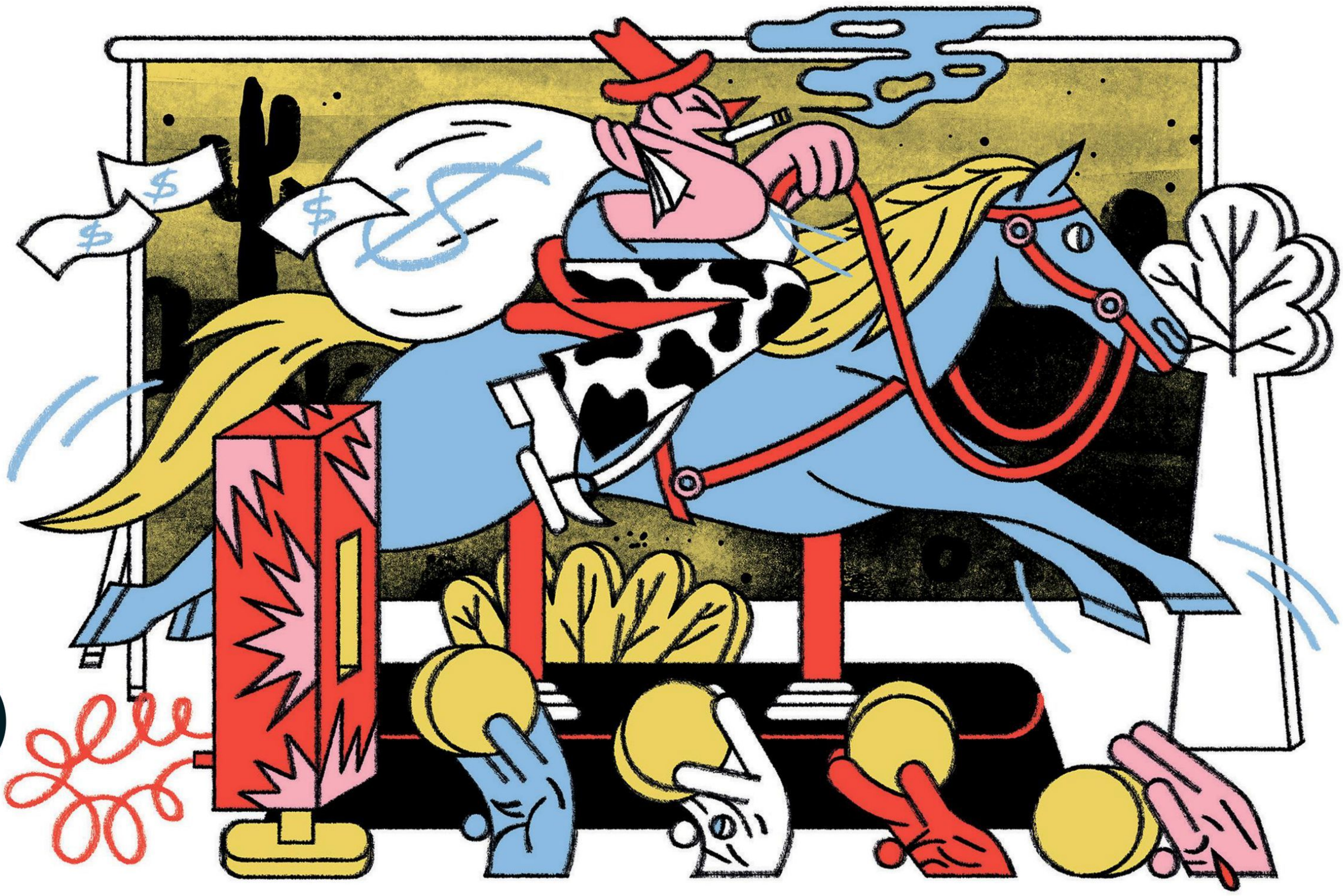


To Beat the SEC, Run Out the Clock

BY MATT ROBINSON
ILLUSTRATION BY LARISSA HOFF

Money manager Charles Kokesh was supposed to pay back tens of millions of dollars in unlawful gains. But it turns out the watchdog caught him too late

Bloomberg Businessweek July 1, 2019

"YOU WOULD HAVE THOUGHT WE COULD HIT SEVERAL HOME RUNS BETTING ON TECHNOLOGY"

Over the course of 12 years, Charles Kokesh quietly misappropriated more than $30 million from investors, a jury found in 2014. Kokesh, now 71, cultivated some expensive and unusual hobbies, such as importing Argentine polo ponies and participating in cowboy-style shooting competitions, according to trial testimony. But the really unusual part of the story is how the U.S. Supreme Court decided he wouldn't have to pay back most of the cash.

Kokesh started four funds in the 1980s and '90s. The pitch: They'd finance promising technology companies. Thousands of people ended up investing more than $100 million in them. Geoff Shepard was one. He put $5,000 into a fund in 1986, hoping he'd get in early on the next big thing. "You would have thought we could hit several home runs betting on technology back then," says Shepard, a former corporate lawyer for Cigna Corp.

Instead, Kokesh's funds suffered massive losses, especially after the dot-com bust. But according to the Securities and Exchange Commission, he still managed to maintain a lavish lifestyle. He bought a horse park in Santa Fe, N.M., to house more than 50 horses and play polo, and a motor home to travel to those shooting competitions, a former executive at his firm testified. He converted part of an unused office building into his own private bootmaking shop and even hired a bootmaker to run it. Kokesh declined to comment for this story.

After years of losses, investors wanted to get their money out of the funds, but Kokesh thwarted their efforts, arguing he had the authority to determine when to sell. Fed up, Shepard wrote a letter in 2005 to a fund general partner accusing Kokesh of keeping the funds alive so he could keep extracting management fees. He also sent a copy to the SEC. Soon after, the agency began investigating and eventually sued Kokesh for fraud in 2009. By then the money had run out and the funds had been liquidated. All told, Kokesh lost about $128 million for investors. And the SEC calculated that $34 million had been siphoned from the funds in the form of unjustified payments to himself and the advisory firms he ran, beyond the fees they were entitled to. "We lost everything," Shepard says.

The SEC finally brought the case to trial in 2014. The former executive at Kokesh's firm testified that the money manager used the funds for his own enrichment. Kokesh also purposely lured in small investors—those putting in $10,000 or less—because they were less likely to sue him to recover losses, according to other testimony.

After a five-day trial, the jury found Kokesh had violated securities laws. This was a civil, not criminal, case—the SEC has powers only to extract monetary fines. (Kokesh never faced federal criminal charges.) The court ordered him to pay a $2.4 million penalty and to return more than $50 million in unlawful gains, including interest. Kokesh appealed the decision, arguing that the SEC was seeking to punish him well beyond the five-year statute of limitations for such penalties.

The SEC countered that the bulk of the money it was demanding—more than $50 million—wasn't a penalty but the return of wrongful gains, or disgorgement. Kokesh argued that a penalty and a disgorgement are one and the same. The case went all the way to the Supreme Court, where all nine justices voted in Kokesh's favor in June 2017. Writing for the court, Justice Sonia Sotomayor said disgorgement "bears all the hallmarks of a penalty."

The decision drastically lowered what Kokesh had to pay, though it didn't prevent the SEC from going after a smaller amount. Since the case was decided, the agency has lost some of its bargaining power in settlement negotiations over long-running schemes, says Andrew Ceresney, the SEC's former head of enforcement. In a speech last year in New York, Steven Peikin, the current co-director of enforcement, said the decision has already led the regulator to forgo more than $800 million in potential disgorgements.

Financial wrongdoing is often uncovered years after victims realize what's happened. The government investigates on average for two years before suing—making five years a tight timeline. In March two senators introduced a bill that would give the SEC up to 10 years to recover money for investors, but it has yet to reach the Senate floor. A similar bill is being discussed in the U.S. House of Representatives.

Some argue that these efforts would tip the scales too far in favor of regulators, forcing individuals to fight cases after evidence has been lost and memories have faded. Increasing the statute of limitations would "cause further delay in what are already long and damaging SEC investigations," said University of Virginia School of Law professor Andrew Vollmer in testimony to the House.

Kokesh has since moved out of Santa Fe. According to public records, he's still in cowboy country, living on a 39-acre ranch in Wyoming. And he's still fighting the SEC. He's appealed the smaller penalty levied against him. Ⓑ

Mein Gott, the Coin Is Gone!

BY BENEDIKT KAMMEL AND KARIN MATUSSEK

ILLUSTRATION BY ELEANOR DAVIS

In 2007 the Royal Canadian Mint had a wild idea—create the world's first million-dollar coin.

It would be 99.999% pure gold, 220 pounds, and as tall as a car tire. Five so-called Big Maple Leaf coins were purchased by investors.

In 2010 a private collector in Düsseldorf loaned his Big Maple Leaf coin to Berlin's Bode Museum.

Ein bisschen nach links.

Curators placed it behind bulletproof glass in the middle of Room 243, where the Bode keeps some of its most valuable coins.

It sat there for seven years.

At about 3 a.m. on March 27, 2017, the day the coin was to be moved to another museum, cameras at the Hackescher Markt train station caught three men coming onto the platform.

cher Markt

■ REC

They walked the length of the station, keeping their faces down and hidden...

...and then stepped off the end of the platform and onto a pathway next to the tracks.

They followed the tracks to an old overpass that led up to the museum.

The sensor on a second-floor alarm had been fickle, so the guards would sometimes turn it off to avoid false alarms.

At 3:20 a.m. the night guard was beginning his last tour of the museum. The internal alarm system was shut off as he worked his way from top to bottom, closing doors behind him so he could later rearm the system.

As the guard inspected the rooms one flight below, the three men slipped through the second-floor window.

SMASH

They used a carbon-fiber-reinforced ax to break the glass, which was so heavy that shards left three deep dents when they hit the wood floor.

BANG

WHAM

BAM

The entire break-in took only 16 minutes.

A nearby video camera filmed a vehicle as it left the scene with its lights turned off at 3:52 a.m.

Back at the museum, the night guard returned to his booth after his final tour.

Yawn

When he tried to rearm the building on his control panel, something didn't look right.

?

In a 115-year-old building like the Bode, false alarms aren't unusual.

Oh, Scheisse!

Das Maple Leaf *ist weg!*

The thieves had walked past priceless Baroque statues, paintings, and other artifacts of much greater value (but much more difficult to sell).

POLIZEI

POLIZEI

Assuming that a normal-size gold coin had gone missing, the police took more than an hour to show up.

When investigators retraced the thieves' steps, they began to wonder how the band had known so much about the museum's security.

Police and prosecutors have only one explanation.

It was an inside job.

Within a week, investigators were focused on a recently hired guard. He was friends with a member of a family linked to organized crime in Berlin. Prosecutors declined to name the family publicly.

On July 12, 2017, 300 police officers raided 14 locations linked to the family. They found:

Weapons

Cash

Clothing with traces of gold dust

Suspicious email correspondence

Scribbled notes of weights and gold prices

They also found DNA from a family member on a rope left at the scene. But the one thing they never found...

...the giant coin itself.

The Big Maple Leaf might be unwieldy, but high-purity gold is soft and easy to cut. Authorities suspect the thieves moved the gold in chunks to black markets outside the country.

Two years later, four young men are on trial in a Berlin court, each facing up to 10 years in prison.

Brother 1

Brother 2

Cousin

Guard

They're accused of orchestrating one of the most brazen museum heists of all time. They deny the charges.

THE HEIST ISSUE

Bloomberg Businessweek

July 1, 2019

WHEN THE FREE

FIREFIGHTERS IN TLAHUELILPAN, MEXICO, PRACTICE THEIR RESPONSE TO FUEL LEAKS

Bloomberg Businessweek

July 1, 2019

FUEL CAUGHT FIRE

BY MATTHEW BREMNER
PHOTOGRAPHS BY HECTOR GUERRERO

Professional fuel theft is common across Mexico. No one was ready when an amateur robbery went wrong

"PEOPLE WERE FIGHTING, OTHERS LAUGHING, AND MOST WERE DRUNK ON THE FUMES. THEY WERE THROWING GAS AT

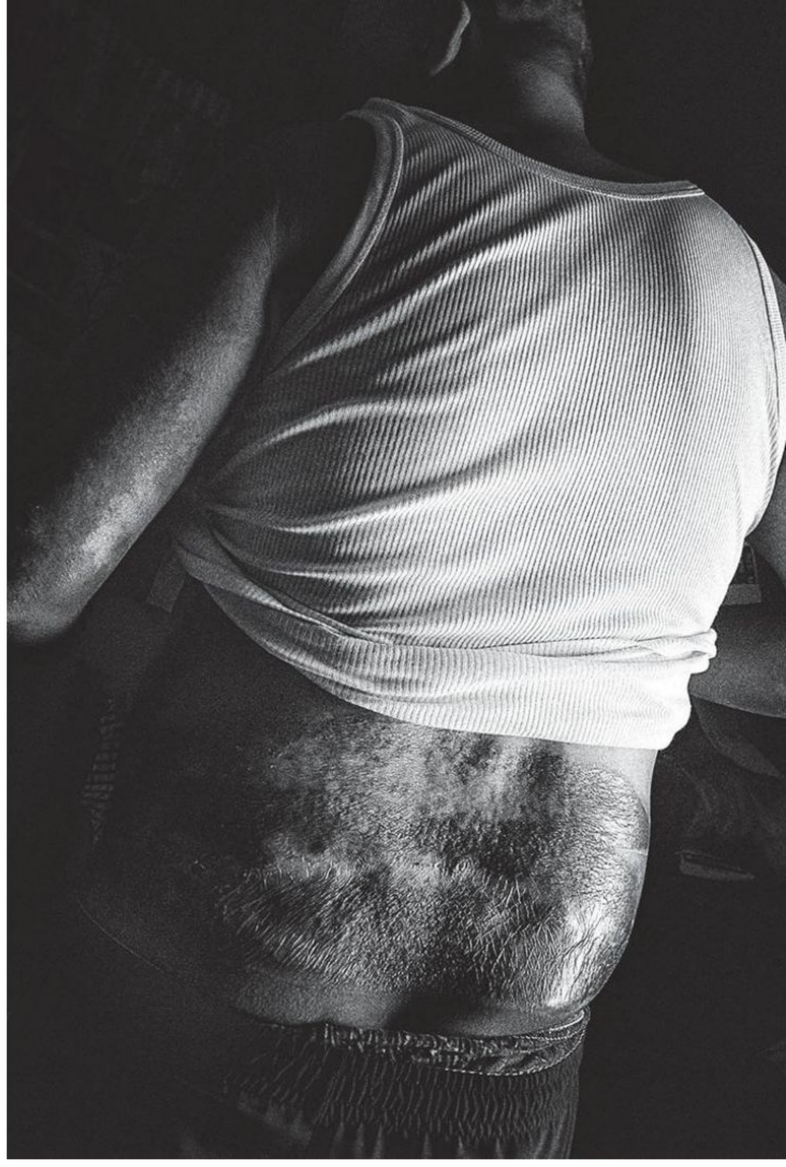
The morning before 137 people died in Mexico's deadliest pipeline explosion, clouds gathered on the horizon above Tlahuelilpan, a town two hours north of Mexico City. As the rising sun flicked the mountains poking out of the flatlands on Jan. 18, locals who worked in the nearby fields or factories left home to earn their daily wage.

The day passed like any other. Around 2:30 p.m., 25 soldiers on patrol spotted a horde of people jostling and yelling at Mile 140 of the Tuxpan-Tula pipeline. They were engaged in another of the area's major occupations: siphoning gasoline.

That wasn't surprising in and of itself. The patrol was there to protect the pipeline, which carries fuel from Mexico's east coast to the major refinery in Tula, near Tlahuelilpan, on behalf of Petróleos Mexicanos (Pemex), the state-owned oil company that accounts for about a fifth of the country's $174 billion in annual tax revenue. Tlahuelilpan's home state of Hidalgo is infamous for *huachicoleo*, the illegal tapping of fuel from pipes that lie several feet underground. Over the past decade, the practice has spread across Mexico, but Hidalgo is one of the most affected areas. "We have the largest number of pipelines in the country," says Ricardo Baptista, a local congressman. "Huachicoleo has been going on here for more than 25 years." According to Pemex, Tuxpan-Tula had been breached 10 times in the preceding three months, and pipelines in Hidalgo were tapped more than 1,700 times in 2018.

A typical huachicoleo involves two or three people soldering and tapping the pipe and a group of *halcones*, or hawks, keeping watch. The solderer and his teammates use high-power drills to perforate the pipes, then affix taps and sometimes a hose to retrieve as much fuel as their portable tank can carry, generally into the hundreds or thousands of gallons. "This requires lots of balls and know-how," says one *huachicolero*, who spoke on condition of anonymity for fear of reprisal. He's used to throwing water on the pipes to keep them cool. "If you don't know how to make the hole or solder properly, and you make one stray spark—my God." Meaning: kaboom.

Generally, these extractions, or *tomas clandestinas*, are coordinated operations run by gangs in the dead of night. Out in the midafternoon sun, the soldiers immediately realized the thieves they'd spotted weren't professionals. The scene in the green alfalfa field abutting the pipeline appeared to be a free-for-all, roughly 80 villagers swarming a leak inside a 100-foot-long, 5-foot-deep irrigation trench that bisected the field. There seemed to be no organization, no tap, no hose—only two holes in the pipe, which made the fuel spurt as if from a wonky fountain. It seemed possible a local huachicol gang had screwed up the extraction, but the holes had none of the typical hallmarks. The villagers didn't seem to care. They were dancing and frolicking amid the shimmering torrents of fuel, scooping up what they could in red jerrycans.



FARMER RENE CERON SUFFERED BURNS ON 60% OF HIS BODY

Following protocol, the soldiers notified Pemex and set about trying to control the crowd and close off the area. But the latter goals proved impossible as the number of villagers swelled from 80 to at least seven times that over the next few hours. Vastly outnumbered, the soldiers looked on as men, women, and children arrived in trucks and cars, carrying jugs, bottles, buckets, or whatever else they could find. The villagers on the scene had spread the word online, in videos, tweets, and WhatsApp messages. "They're giving away gasoline," read a typical message. "It's free. Come and get it."

Huachicoleo is becoming one of Mexico's most pressing economic issues. In 2018 thieves made off with about $3 billion in gas from 12,500 siphonings, almost double the number of thefts of two years earlier. The motive comes down to math. "Most people here earn around 1,500 pesos [$78] a week in a normal job, but by doing this you can get your hands on 2,000 pesos a night for being a hawk and up to 15,000 pesos for being the one who solders the tap," the Hidalgo huachicolero says. "In an area where people were not long ago riding donkeys, they now have fancy cars." He and other gang members say a night's worth of stolen fuel, sold on the black market, can net their bosses roughly $46,000 in profit.

Interviews with nearby residents, first responders, Pemex security staffers, politicians, and huachicoleros themselves suggest the trade has grown scarier, too. Whereas in the 1990s the huachicolero sometimes cut the figure of a dashing lone vigilante, sharing the stolen oil wealth among friends and neighbors like a hero of folklore, today the business is far more structured—and bloody. Drug cartels are steadily killing or scaring

off the homegrown gangs to take the huachicoleo revenue for themselves, using domestic sales to supplement their international narcotics trafficking and engendering the type of violence more commonly associated with the drug trade. In January, the day after the Tuxpan-Tula was perforated, a huachicol gang leader nicknamed El Parka was shot dead, and three more crime bosses have been assassinated since. A study conducted by Etellekt Consulting estimates that cartels are now responsible for 95% of illegal fuel extractions.

The crowd at the Tuxpan-Tula pipeline on Jan. 18 didn't look like a bunch of gangsters. Many of the survivors say they're among the 43% of Mexicans living below the poverty line—about $1,940 a year in the city, $1,260 in the country—and can't afford to ignore free money. Several complained that President Andrés Manuel López Obrador's spate of pipeline shut-offs at the beginning of January has exacerbated their problems. The government has said the temporary closure of these pipelines, and the deployment of 5,000 soldiers to monitor Pemex facilities, reduced fuel theft from a daily average of 80,000 barrels to only 2,500. Locals say that with area gas stations drained of fuel or packed with customers, they had a tough time getting to work.

The pipeline spill, however, represented opportunity. "I'm sure that the majority of people went down to the field because their friends and neighbors had posted it on Facebook," says Baptista, the congressman.

Juan Serrano, a lanky 17-year-old with a mischievous grin, was among the curious. Serrano lived in a small house jumbled with birdcages and car parts in the colorful neighborhood of San Primitivo, less than a mile from the pipeline. His mother, Regina, told him he wasn't allowed to go down to the field, but as his friends and a stream of passersby headed that way, he hopped the back wall of his yard without his parents noticing and made for the pipeline.

When he arrived at the spill site around 5 p.m., about 600 people were crowding the trench, and the field was dotted with containers. "There were so many people," he says—people with bloodshot, teary eyes from the gas and T-shirts over their nose in a vain effort to filter the fumes. Others were pitching and swaying, gurgling and slurring, smoking and dancing. More than two hours after the soldiers reported the incident, Pemex still hadn't shut off the fuel supply, and the two jets of fuel were shooting 20 feet into the air, forming two coruscating arches.

Alfonso Durazo, Mexico's minister for public security, later said the pressure inside the pipe was too high for the shut-off fuel valves to close fully. But it's tough to take that at face value. The government freely admits that Pemex workers are usually the ones who tip off the huachicoleros. Last year an official government estimate put the share of pipeline thefts committed with Pemex support at 80%. "These are the guys that tell you which pipeline has fuel in it and at what time," Baptista says. *Bloomberg Businessweek* contacted Pemex for comment; a spokesperson for the company didn't provide one by publication time.

Bathed in the gas fumes, Serrano, like many of the other amateur huachicoleros, couldn't tell anyone much of anything. He was experiencing several of the symptoms typical of intense gas exposure: lightheadedness, blurred vision, slurred speech, and a touch of euphoria. "There were points when I couldn't stand, it was so strong," he says. "People were fighting, others laughing, and most were drunk on the fumes. They were throwing gas at each other." After he'd been there a little more than an hour, he suggested to his friends that they leave. They didn't.

The army had shut off the main road by 6:30 p.m., and two more platoons had arrived, along with local and national police. Although the authorities declined to disclose just how many troops ended up at the pipeline, López Obrador would later insist they remained outnumbered by the villagers. The soldiers stayed on the perimeter, fearful of causing a riot, letting vehicles full of new people pass as they arrived.

One of the newcomers was Rene Ceron, a portly 40-year-old farmer with the eyes of a bloodhound. He'd heard about the robbery several hours earlier while working in one of his cornfields a few miles away. "A friend of mine sent me a message. He told me they were giving away fuel in a nearby field and that I should come," he says. When Ceron reached the trench, it was brimming with thick pools of gasoline and hundreds of human bodies trying to pilfer it. Above him, the two jets geysering from the ground left gas falling onto his face like fine, cool rain. The air reeked of rotten eggs.

It was also beginning to get dark and to cool down, and the extremely flammable vapor released by the high-octane gas was no longer rising with the afternoon heat. As the temperature fell, the fumes began to settle down closer to the crowd. Those already inebriated on them continued scooping up buckets of gas. For Ceron, who'd been there only a few minutes, something changed. "I suddenly felt death in the air," he recalls. ▶

THEFT

EACH OTHER"

◀ The authorities say it was static electricity that lit the spark at about 6:50 p.m. A handshake, perhaps, or the rub of a shoulder through a polyester T-shirt, or an errant grip on a plastic jerrycan. All Ceron heard was a low hiss, then a whoosh that sounded like paper ripping, as a bright yellow flame swept from near the main road and into the trench, then soared more than 60 feet into the air. Ceron turned his back and felt the intense heat, then a pain that he says he'll never be able to properly communicate. He passed out.

When he came to, all he could hear was screaming, car horns, and the roar of the fire. People were rolling on the ground, or crying for water, or simply running from the scene, still aflame. The air smelled of burnt hair and flesh. As Ceron hauled himself up, his head felt heavy, his ears buzzed, and his back felt like hot oil. "Throw yourself on the ground!" people were shouting. He had no idea where he was.

Ten minutes after the explosion, firefighters and paramedics in Tlahuelilpan received the calls they'd been dreading as they followed the pipeline spill on social media like everyone else. Huachicoleo-related fires aren't unheard of—the fire unit had put out one a week earlier—but the first responders weren't prepared for this one. A mob of people ran at their vehicles screaming and pleading for help, their clothes and skin ragged and smoldering.

Adan Lugo, a 27-year-old former firefighter who'd been hanging with his old buddies at the station, drove the fire engine as close to the field as he could, until the flames were belching and spitting from the trench about 200 feet in front of him. The figures on the ground were so charred, he struggled to tell the living from the dead. He worked for an hour with paramedics, soldiers, and able-bodied bystanders to drag survivors from the field to waiting medical personnel. Sometimes, the best that rescue workers could offer was nothing. "I remember seeing one man curled up in pain. His body was slathered in mud and grass to soothe his burns," Lugo says. "I was worried he would get an infection, but the people watching over him told me that I should let him be."

Three hundred feet away, Serrano watched the flames and heard the screams. Four minutes earlier, he'd finally decided to go home after he'd tried and failed to persuade his friends to join him. Those four minutes saved his life but left him to witness their death.

As ambulances began ferrying the injured to

SURVIVORS HAVE ERECTED A MEMORIAL AT THE SITE OF THE FIRE

hospitals across Hidalgo and farther afield, Pemex's own firefighters also arrived, but their fire engines and hoses malfunctioned, so Lugo's team ventured deeper into the scorched field to look for more survivors. Filling the void of the screams was the deep plane-engine hum of the fuel as what was left in the pipes spurted out and caught fire. As Lugo and one of his comrades approached the blaze, the heat stinging their skin through their protective suits, it became clear they wouldn't find more survivors closer to the source. Everyone left in the field was dead, and most of them were on fire.

At a certain point, Lugo says, the sheer horror of the experience crossed a line into a kind of tragic absurdity. He and the other firefighter were using extinguishers to douse the bodies, but most were so soaked with gas that they quickly reignited. "I would be extinguishing the 10th body, and the first one was already on fire again," Lugo says. "It was the worst scene I've ever attended."

By midnight, many of the 71-and-counting injured were at or en route to hospitals 10 miles or farther away, and the government ordered four helicopters to evacuate the most grievous cases to Mexico City. Yesenia Mendoza, a 23-year-old nurse trainee, knew by then that her 17-year-old brother was alive, being treated for severe burns over most of his body, and that her dad, still among the missing, was probably dead.

The fire had at last been extinguished around 11:45 p.m., thanks to only three Tlahuelilpan firefighters with working equipment. Where there had once been a spitting, hissing blaze, there were now swamps of foam and water and hundreds of locals searching in the ashes for their relatives. At about 3 a.m., Mendoza and her sister went to the scene to search for their father and pleaded their way past the cordon of soldiers who were by then encircling the alfalfa field. Alongside half-melted buckets, containers, and bottles, they saw burned clothes, charred bones, and the skin of a hand lying in the dirt with all its fingernails intact. Each new body they approached triggered the fear that it might be their dad. But after 20 minutes the police asked them to leave. There was no sign of him.

The fateful clue appeared the following evening, while the sisters were closing up the family convenience store. A cousin who'd been out looking in the fields texted a photo of their father's cherished pendant in the shape of a horse, found close to a person's remains. "When my sister showed me the photo, I went into shock," Mendoza says. "'Why my dad?' I said. I could not accept it." Eventually she managed to call her mom, who was watching her brother in the hospital. "I have to tell you something," she began. "You need to be strong."

"I HAVE TO TELL YOU SOMETHING. YOU NEED TO BE STRONG."

In the months since the fire, relatives of the dead and disappeared have built a shrine near the explosion site. In the center of the field, a mass of wood and marble crosses have encroached on a crooked, scorched tree. There, relatives still come daily to lay flowers and sit on blue plastic chairs or flimsy wooden crates, sobbing into handkerchiefs or staring at the ground. The deep trench that once bisected the green field has been filled in permanently with coarse yellow sand.

Serrano, the teenager, is suffering from traumatic stress, having watched his friends and neighbors die as he stood a few hundred feet from the epicenter of the explosion. Ceron, the farmer who was closer, is still recovering from second- and third-degree burns covering 60% of his body. The blisters on his face swelled like mushrooms, and the skin on his hands was burned to the bone. In the hospital he suffered from feverish nightmares of wildfires consuming his recovery bed. He hopes to return to work soon. For now he wears white cotton clothes over his burned hands and walks with discomfort. Lugo has continued to hang out at the fire station with his former colleagues, but he can't shake his memories of the scorched bodies, the smell of the singed hair, the feel of the heat. Mendoza buried her dad on his 51st birthday, and her mother accompanied her brother to an indefinite stay at Shriners Hospital for Children in Galveston, Texas.

The people of Tlahuelilpan are in mourning, says a local priest, but they don't know how to move forward. Many survivors remain willing to believe the fire was a tragic accident, but others blame the government for letting the huachicoleo business get out of hand or for letting the region otherwise stagnate. If there were better jobs, locals say, people in Hidalgo wouldn't have to resort to huachicoleo.

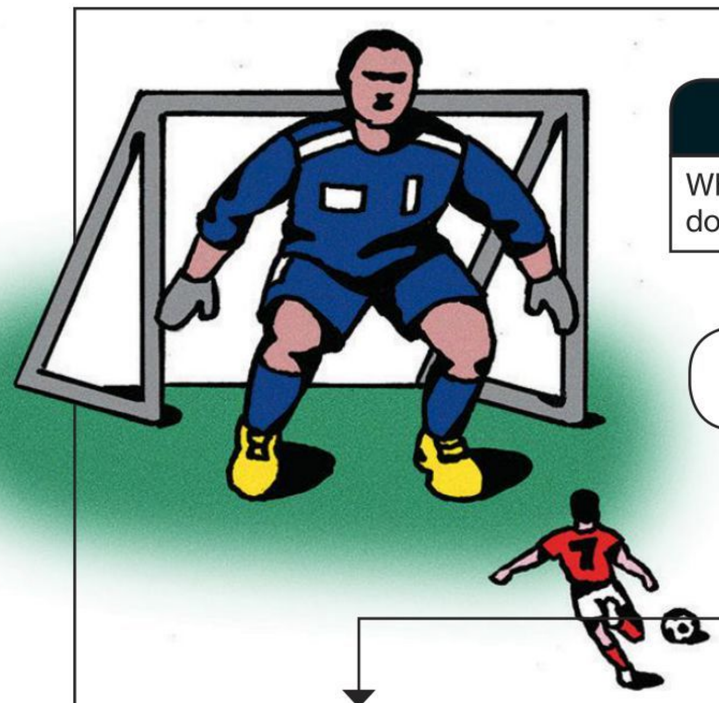
In May, López Obrador said his government had reduced fuel robbery in Hidalgo by half, and across Mexico by 95%, since he declared war on the thieves last year. But Pemex's losses to huachicoleo in the first four months of 2019 amounted to more than $2.6 billion, almost sixfold more than the total stolen during the first third of 2018. In that time, Hidalgo reported 1,885 thefts, an annual increase of 211%.

Notwithstanding the evidence of systemic corruption, Pemex and other government officials say they're committed to justice. The Mendoza sisters, however, say seeking out a guilty party is a low priority for them, at least for now. They're trying to survive the consequences of the fire and get used to the idea of being alone in Hidalgo. Ⓑ *—With Amy Stillman*

Bloomberg Businessweek July 1, 2019

So You Want to Fix a Soccer Match

Last year, bookmakers took bets on about 75,000 soccer matches in more than 700 leagues and federations around the world, according to the betting data company Sportradar AG. For a match-fixer, that's 75,000 chances to profit. In theory, it's easy: All you have to do is arrange an outcome ahead of time and then bet on it. In practice, it's a nonstop hunt for new ways to manipulate games and stay ahead of bookmakers and police. "You can't just sit on your ass and wait for the apple to drop from the tree," writes Wilson Raj Perumal in his memoir, *Kelong Kings: Confessions of the World's Most Prolific Match-Fixer*. "You have to dig deeper and deeper to achieve results." So, you in? —*Ira Boudway*



START

What kind of match do you want to fix?

I don't care, as long as I get paid

Do you have access to any of the following?

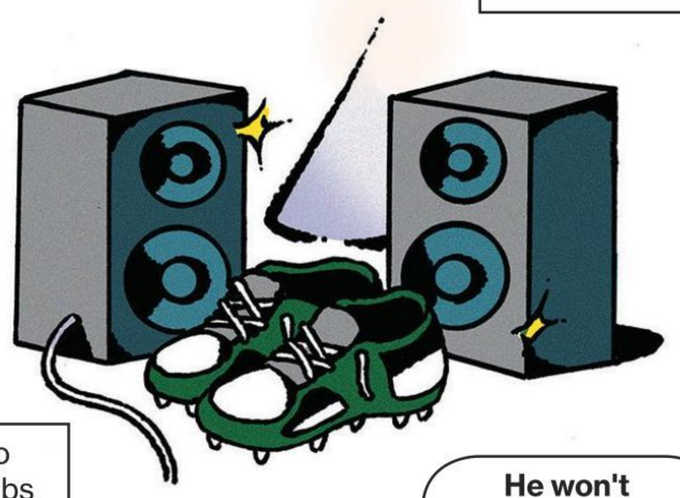
- A few hundred thousand dollars and some letterhead for "financial statements."
- Twenty-two playground-quality players. (It's OK if they're a little overweight!)
- An official club website.
- None of the above.

Only top-flight for me

OK, let's think a little smaller

You sure? The best players in Europe earn more than $1 million per week, not counting endorsements, so bribes will be expensive. And top-tier leagues are highly scrutinized.

I relish a challenge



This might not be the scheme for you. FAIL

He won't do it—something about "morals"

Do you go to any nightclubs where players hang out?

I go to all the clubs, so yes

I like to be in bed by 9:30

Great! Referees make less money than players and thus are easier to buy off. They also hold the power to sway matches by granting penalties or sending players off the field.

Get those red cards ready

What about the refs? Are you in touch with any?

Only when I'm shouting obscenities at them

Actually, the coxswain from my college crew team is a ref

Time for some disruption. In 1997 a Malaysian betting syndicate bribed security guards to cut the lights at halftime at U.K. matches. British betting houses cancel bets on incomplete matches, but at the time at least, Asian operators treated the halftime scores as final. The fixers bet on a low-scoring total and won huge payouts.

Lights out!

Oh, no, forgot about the backup generator!

Maybe you should take the hint and stop trying. FAIL

How about a stadium worker or security guard?

No

Yes

ILLUSTRATIONS BY FELIX DECOMBAT

Pick a player and groom him. This will take a long time and involve a series of favors. Target defenders and goalkeepers, who can always let in a goal for you. (Forwards aren't as useful, because they often fail even when they're trying.) Now do at least three of the following:

Cover his bottle service

Pay off his debts

Hire a prostitute

Rough up a *paparazzo*

You decide to make your move.

You've given it a year; he's ready

It's been only a couple of months; he realizes you're using him

He's a man of few words

Start with a small ask. For instance, can he tell you the status of an injured player or a lineup change?

He's a nonstop gossip

Now work your way up to a big ask, possibly with the help of a sob story: You need a huge favor, just this one time. Bookmakers often offer bets on things such as which team will take the first corner kick of the match. Could he let a ball go past the byline?

He nods silently, eyes welling

He shakes his head mournfully, eyes welling

He's good and scared

Remind him that he already gave up inside info. Threaten to tell his coach.

He called my bluff

Time to go for the big time.

Ask him to make sure his team loses 3-0

This has gotten darker than I was expecting

At least you know now that not every match is fixed.

FAIL

Congratulations! You now own a debt-ridden team in the Romanian Liga II.

Start coaching them through keep-away drills—this team can win!

You get an A for effort but an F for results.

FAIL

Stock it with corrupt players and start scripting your games

The editor remembers this trick from when Perumal did it in Singapore

Call your friends, buy some shirts, book time in a municipal stadium, and get the local paper to list your Very Real Cup.

The VR Cup buzz is building!

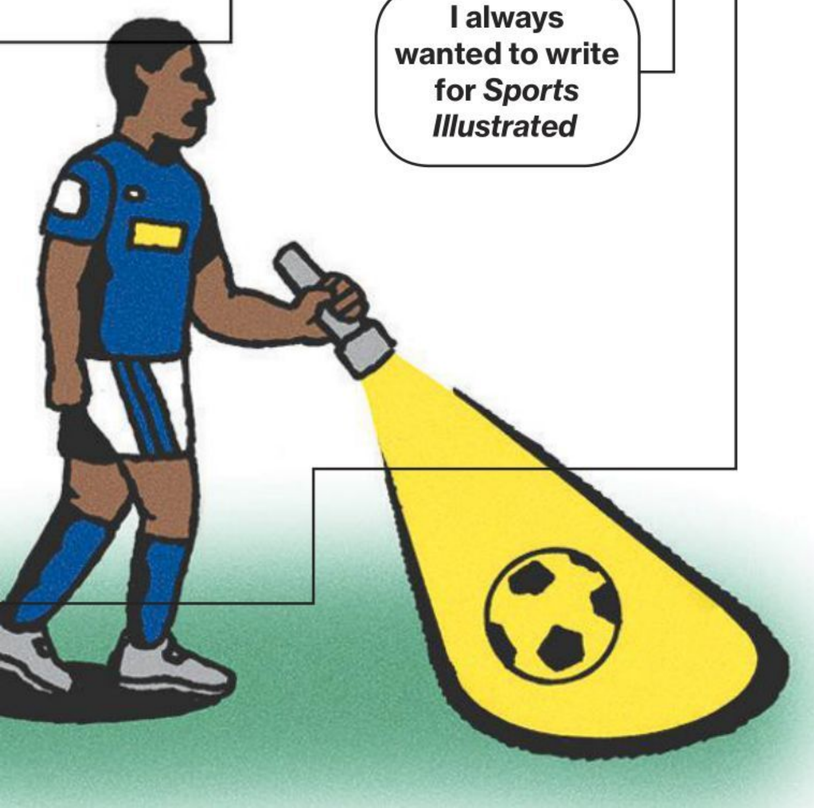
The fix is in! You're ready to bet!

MOVE ON

You'll be creating a "ghost match"—that is, a phony report of a game. That happened in the Belarusian Premier League when the websites for the real teams Slutsk and Schakhtyor Soligorsk reported a thrilling (but fake) 2-1 comeback for Slutsk.

My Belarusian is rusty

I always wanted to write for *Sports Illustrated*



Where would you like to place this bet?

Asia

Las Vegas

U.K.

A server in Costa Rica

Do you have an account with an agent, master agent, or senior master agent in Asian betting markets?

Of course—and a $500k credit line

Do real estate agents count?

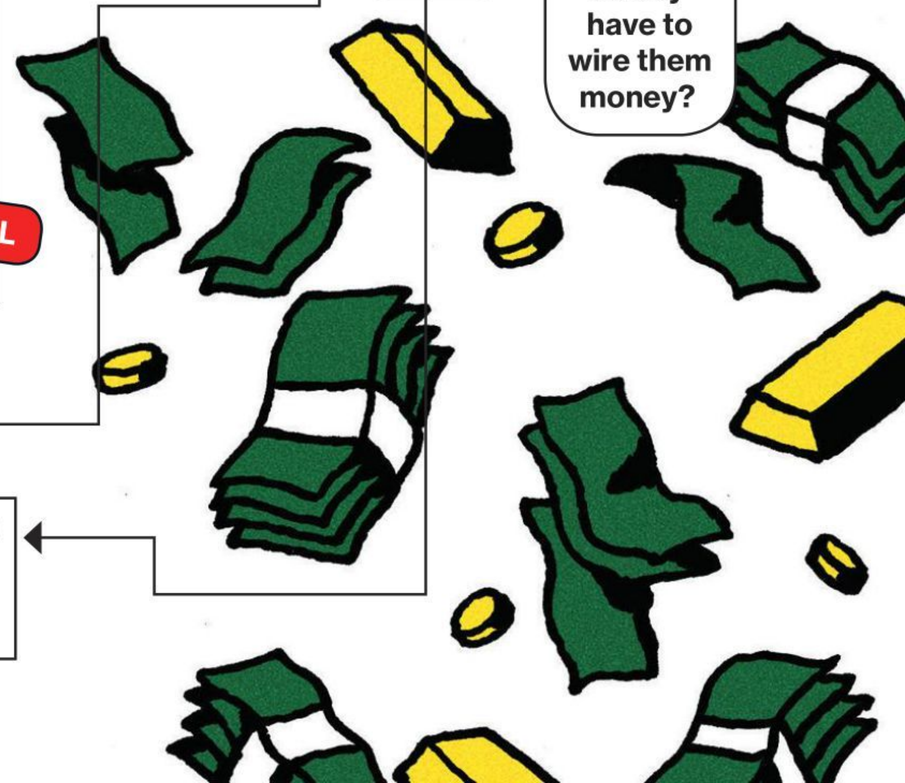
Regulated books in the U.K. and the U.S. like William Hill and DraftKings are a bad choice, thanks to bothersome know-your-customer rules.

FAIL

There are lots of gray-market online bookies (e.g., 5Dimes, Bovada, Pinnacle). You want one with a reputation for paying on time.

[Click]

Do I really have to wire them money?



Great! Once you crack the agent pyramid, Asian markets offer the highest limits and least transparency.

Keep your mouth shut and collect your winnings.

SUCCESS

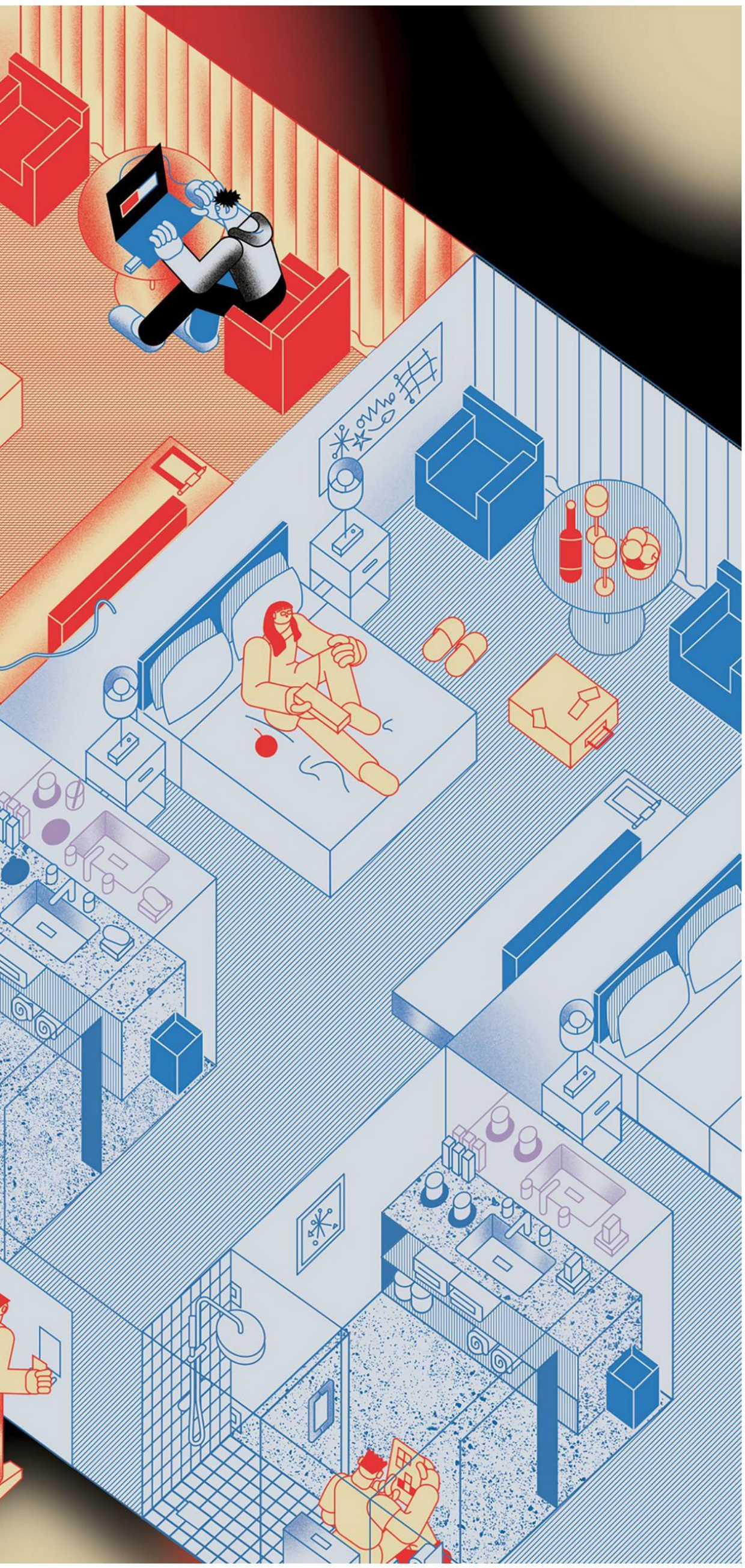
THE HEIST ISSUE

OF MALWARE AND M

BY PATRICK CLARK
ILLUSTRATION BY INKEE WANG

MINIBARS

Back doors to your personal data can be found all over hotel rooms, from the smart TV to the remote control drapes



Three men dressed for business travel in jeans and dress shirts loaded backpacks into the trunk of a black coupe and wound their way through the center of a major European city. When they arrived at their hotel, they unloaded their luggage and waited giddily to pass through the revolving doors. They were checking into the hotel to hack it.

Hackers target financial institutions because that's where the money is, and they target retail chains because that's where people spend the money. Hotels might be a less obvious target, but they're hacked almost as often because of the valuable data that passes through them, like credit cards and trade secrets. Thieves have targeted electronic door locks to burgle rooms and used malware attacks to log credit card swipes in real time. They've even used Wi-Fi to hijack hotels' internal networks in search of corporate data. Just about all of the industry's major players have reported breaches, including Hilton Worldwide Holdings, InterContinental Hotels Group, and Hyatt Hotels.

The group's leader checked in at the front desk. One of his associates strolled along the length of the reception area, noting that the property used an outdated point-of-sale system, and another used a mobile app called Fing to scan for hidden networks. While they waited for the staff to finish preparing their room, the hackers took coffee on a terrace. They opened up the published code for the hotel website and exploited an outdated plug-in to compile a list of admin names.

Ultimately they were looking for a door. Sure, they could slip a thumb drive into the neglected register at the far end of the restaurant bar and log credit card numbers until somebody noticed the device. But they would rather find a way into the property management system, or PMS, which hotels use to take reservations, issue room keys, and store credit card data.

Better still would be to do what they did at a hotel in New York City. After plugging the internet cable from the room's smart TV into a laptop, they got into the hotel's PMS, which led to the chain's corporate system. Emails *Bloomberg Businessweek* viewed show they gained access to credit card information for years' worth of transactions across dozens of hotels.

If they had been crooks, the team would have sold the information on the black market, where a Visa with a high limit can go for about $20. These hackers, however, were good guys: IT consultants who were frustrated with their hospitality clients' lax approach to security. To demonstrate the industry's weaknesses, ▶

◀ their leader arranged for a reporter to tag along on an audit of one of his clients' hotels. The conditions: The hackers wouldn't break into the personal devices of hotel guests, and neither the hotel, the city, nor the hackers could be named.

Once they got to their room, the hackers concentrated on finding the hotel's internal network—the one used by staff, not the one guests use to stream pornography and FaceTime their families. In one famous example, hackers breached the internet-connected fish tank in the lobby of a Las Vegas casino and used that exploit to find a database of high rollers on the property's internal network.

But this room was an older make, with a dumb TV, old phones, and a standard minibar, equipped with Heineken and Toblerone but no internet. Then one of the hackers started rooting around in the window frame. Nestled in a top corner was an internet port, designed to let guests open and close the curtains by remote control.

"This will be the way in," the leader said.

How much of the responsibility for guarding electronic transmissions lies with hotels and how much with guests is "a nasty philosophical question," says Mike Wilkinson, global director at Trustwave SpiderLabs. Mark Orlando, chief technology officer for cybersecurity at Raytheon IIS, advises corporate clients to avoid using personal devices altogether while on the road. That could mean requesting a loaner laptop or buying a burner phone. Even ordinary travelers should use virtual private networks to connect to the internet when outside the U.S., he says.

But no amount of personal digital security could have saved travelers from the massive attack Marriott International Inc. discovered last year. In early September 2018, an automated security tool flagged a suspicious query in the reservation database for Starwood Hotels & Resorts Worldwide Inc., a company Marriott had acquired two years earlier. In the weeks that followed, security investigators discovered a remote access trojan (RAT), software that lets hackers take control of a target computer, as well as another piece of malware that scours computer memory for usernames and passwords.

Clues left behind by the digital trespassers suggest they made off with as many as 383 million guest records, as well as more than 5 million unencrypted passport numbers and more than 9 million encrypted payment cards. Marriott hasn't found any evidence of customer data showing up on dark-web marketplaces, Chief Executive Officer Arne Sorenson told a Senate committee hearing in March. That sounds like good news but may actually be bad. The lack of commercial intent indicated to security experts that the hack was carried out by a government, which might use the data to extrapolate information about politicians, intelligence assets, and business leaders.

"From an intelligence standpoint, there are some real advantages to understanding where high-profile people are going to be ahead of time," says Gates Marshall, director of cyberservices at CompliancePoint Inc., whose consulting clients include airports. "There's a market for travel itineraries. It's not a commercial market, it's more of a geopolitical one."

Sorenson has said he doesn't know who's responsible for the attack—and likely never will. Others have been more willing to point the finger, including U.S. Secretary of State Mike Pompeo, who attributed the hack to China in an interview with *Fox & Friends* in December.

Hospitality companies long saw technology as antithetical to the human touch that represented good service. The industry's admirable habit of promoting from the bottom up means it's not uncommon to find IT executives who started their careers toting luggage. Former bellboys might understand how a hotel works better than a software engineer, but that doesn't mean they understand network architecture.

There's also a structural issue. Companies such as Marriott and Hilton are responsible for securing brand-wide databases that store reservations and loyalty program information. But the task of protecting the electronic locks or guest Wi-Fi at an individual property falls on the investors who own the hotels. Many of them operate on thin margins and would rather spend money on things their customers actually see, such as new carpeting or state-of-the-art televisions.

The result is a messy technological ecosystem that runs on old software. Many hotels use Opera, sold by Oracle Corp., as their PMS. A common version was designed for a legacy Windows operating system and directs users to disable security features to make the software work. An instruction manual for the software starts with a step-by-step guide on how to lower your defenses: First, turn off data execution prevention, a feature that protects system memory from malicious code. Next, deactivate user account control, making it easier for hackers to gain administrator privileges. Finally, disable Windows Firewall. Now you're ready to book reservations and take credit card payments. (Oracle's security guide advises users to

WHILE HOTELS ARE STRUGGLING WITH BASIC CYBERSECU

"harden" their operating systems after installation.)

Even worse, many hotels put their PMS online, letting hackers break in from thousands of miles away. Joshua Motta, CEO of cyber insurer Coalition Inc., ran a search of the admin page used to support Opera online and found 1,300 instances of the application running on the public internet, from Newfoundland to the Maldives. "All of a sudden your system is only as secure as a username and password," Motta says, "which hackers have repeatedly shown isn't terribly effective." "Customers are encouraged to upgrade their systems and software to the most recent version to provide the highest level of security measures available," says Oracle spokeswoman Deborah Hellinger.

While hotels are struggling with basic cybersecurity, they're building massive databases of personal behavior. One of the ironies of the Marriott breach is that the company acquired Starwood because Sorenson thought adding its popular loyalty program and fancy hotels would give him a moat against digital middlemen, who seek to collect fees for helping travelers find hotel rooms. Marriott's new heft would give customers more incentive to book directly with the company, cutting out Expedia, Booking.com, and other online travel agencies, as well as advertising giants Google and Facebook.

At some properties, hotel brands are already collecting data on what temperature you like your room and how you like your eggs, betting that knowing that stuff can translate into better service. Other kinds of customer data—the annual conferences you attend or the date of your wedding anniversary—are largely untapped marketing opportunities. Some companies are also experimenting with putting voice assistants in their rooms or using facial recognition to streamline check-in. Privacy issues abound, but even more mundane advances are fraught with trade-offs between convenience and security. It's increasingly common for travelers to check in to a hotel from a mobile app, bypass the front desk, and get into their room by using their phone as an electronic key.

In an interview in June, Sorenson said that the hack had forced his company to take a harder look at how it manages cybersecurity, adopting forensic tools that it used in the wake of discovering the breach as part of its daily security hygiene. He also argued that privacy issues are manageable.

"The information that we want and you may want us to have, that allows us to better serve you, is often not that sensitive," he said. "The fact that you like feather pillows, or a low floor, or a high floor. Now it is personal. But we're not collecting information about which man or woman you show up in our hotel with and whether one's a spouse and one's not."

DATABASES OF PERSONAL BEHAVIOR

The internet-connected drapery hadn't led the hackers into the hotel PMS, but it did set the team on a frenzied search for other connections. One hacker dragged a chair into the vestibule and balanced on the arms, the better to lift a mahogany ceiling panel. Another found an internet port in the ceiling of the walk-in closet. Only one problem: No one had brought a 10-foot cord.

"We should call housekeeping and ask for a ladder," one of them said. "We're trying to hack into your network," he joked. "Can I have a ladder? *Of course, sir. Is there anything else I can do for you?*" Instead, they balanced an ironing board on an ottoman, rested a laptop on top of it all, and plugged in, using a network scanner tool to search for IP addresses that looked as if they could be hosting the PMS.

While they waited to find a signal, they took stock of the failures and successes of the hotel's defenses. All things told, the security was better than the team expected, but it was still disconcertingly porous given the presumption of safety most guests think they have inside a hotel. If they were actually trying to breach the network, they would have tried to crack the hotel staff's accounts to try to take control of the hotel website. At a minimum, it would have let them collect credit card info from every new booking. Before they'd checked in to their room, the leader had used his phone's hotspot to create a new Wi-Fi network, naming it after the hotel. Within minutes, six devices had joined his spoofed network, exposing their internet activity to the hackers. (If he really wanted to go after guests, he would have used a device called a Wi-Fi pineapple to automate the process.)

It wasn't all bad. When one of the hackers asked a waitress to charge his phone, she went out of her way to plug the device into a wall charger instead of her computer. More important, the hotel's internal network was well protected.

Impatient to speed up the process, the team leader called his office and had a colleague look up the correct IP range for the hotel network. The PMS, however, didn't respond. The door was locked.

But then another door opened. One of the hackers used a kind of attack called a distributed denial of service to kick a guest device, "Jamie's iPad," off the hotel Wi-Fi. That could have been the prelude to tricking her iPad into joining the spoofed network, and snooping on her communications. On the bright side, the hackers might never find out what Jamie likes for breakfast. Ⓑ

THE HEIST ISSUE

Bloomberg Businessweek

July 1, 2019

THE GREAT MODEL TRAIN ROBBERY

BY AUSTIN CARR
PHOTOGRAPHS BY
NICK BALLON

How did thieves steal a valuable collection of scaled-down locomotives from a train club? Why did the case go cold? And who is “Jamie”?

DENNIS OLDERSHAW ROUNDS A CURVE AT THE GRAVESEND MODEL MARINE & ENGINEERING SOCIETY

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In the heart of Gravesend, in Kent, England, a hedged lane runs alongside a retired Royal Air Force field, now occupied by the Cascades Leisure Centre, a recreation facility with a gym and a pool. Under a cloudy moon this past Valentine's Day, a van rolled into a mini-roundabout near the Leisure Centre, stopping opposite a row of brick homes.

The van doors opened, and several shadows crept out, moving toward a high-tensile wire fence. Loosening one post and pressing the long strands down, they slipped over the fence into an expansive plowed field behind the recreation center. They walked past tree branches and dead shrubs, their boots sinking into the damp soil.

After a few hundred meters, they turned right, where two parallel chain-link fences separated the farm from the center's grounds. They clipped both, climbed over a waist-high wood railing, and landed at their destination: a high-security shipping container. They carved a small rectangle into the back of the container and peeked through, looking for the bounty hidden inside. They used angle grinders to slice the container's hinges, until its door swung backward, hanging only by the anvil-size lock that had been designed to resist this very kind of robbery. Then they got into a second shipping container the same way.

Inside one of the containers, they cut the padlock off a cupboard door, and there she was: an exquisite steam-powered model locomotive named *Mayflower*, her green boiler and brass engine bands glistening under the bandits' flashlights. They chopped into another cupboard housing a second locomotive. Discovering a key for a third shipping container, they popped its doors open and spotted two more choo-choos for the taking. These model trains often require decades to build and are considered priceless by their owners. At market, they can fetch tens of thousands of pounds. And though they're small, one-twelfth the scale of a normal train, they're not *that* small. The locomotives—which burn model-train-size bricks of coal, carried in model-train-scale tenders and fed with tiny shovels—weigh hundreds of pounds each. They're powerful enough to pull eight children, who ride, straddling passenger cars, around a special narrow-gauge track at 8 mph.

The burglars scoured the grounds, which belong, along with the locomotives, to members of the Gravesend Model Marine & Engineering Society (GMMES), a 66-year-old British railway club. They found a hoist, a wheelbarrow, and a set of the club's walkie-talkies. Lifting the *Mayflower* onto the wheelbarrow, they rolled her to the fences. Using the hoist, they lifted her over the wood railing, lowered her back into the wheelbarrow on the

CLUB MEMBER ANDY HEALEY

other side, and huffed her through the farm toward the van, where they had to heave the train over the final fence to reach the curb. They returned at least three more times that night, plundering engines and other club valuables.

In the darkness, the thieves, presumably sapped yet unquestionably successful, piled back into the getaway van and disappeared into the night.

The following morning, around 9 a.m., Derek Williams and his wife, Sheila, were walking their spaniel by the Leisure Centre. Williams, a retiree who's been a GMMES member for the past 19 years, strolled by leafless trees, then saw the mangled doors of the shipping containers. Alarmed, Sheila phoned the police, while Derek dialed the only person he knew who could actually help: Tricia Filley, the club's indefatigable secretary, who was just sitting down at home to cereal with her husband, Alan.

"Trish," Williams said. "We've been burgled!"

Model trains don't have the broad appeal they once did. The same year GMMES was founded, 1953, toy manufacturer Lionel hit record sales of $33 million. A visionary Lionel sales executive named Arthur Raphael, who died the year before, believed that if the company could keep kids interested in trains until age 14, they'd be hooked for life. But with the rise in popularity of NASA and the Space Age, Legos and toy guns and Hot Wheels, and eventually Nintendos and Xboxes, Lionel (and its British competitor, Hornby) collapsed into bankruptcy and languished through various buyouts.

While it's unclear whether their obsolescence has made classic train models more valuable, they're still zealously sought-after at auctions by collectors, including loco-obsessed celebrities such as Rod Stewart and hooked-for-life fanatics such as my father, a Lionel addict, who, in what he insists makes perfect sense, has invested my meager inheritance into Southern Pacific and 763E Hudson electrics, each costing $2,500. Sir Rod declined to comment. "They're pieces of art," my dad says.

Anyway, as with anything of value and beauty, model trains have sometimes attracted the attention of thieves and vandals. In October 2017 a thief gripping a tiny flashlight with his teeth climbed through the ceiling of a shop in Devon, making off with expensive locomotives. Roughly a year later, a drunk burglar with a metal butter knife attempted to rob an 85-year-old retiree of his prized model railroad collection at his Lincolnshire cottage. (According to the *Telegraph*, they tussled, and the octogenarian and his wife sat on ▶

"YOU'LL NEVER GUESS WHAT! GRAVESEND MODEL MARINE HAVE HAD FOUR LOCOS STOLEN!"

◀ the tosspot until the police arrived.) And only this past May, there was a smash-and-grab at a model railway exhibit in Stamford.

When she learned of the robbery, Filley, who's 72, with sandy bangs and the steady determination of an Alpine cog rail, immediately started calling GMMES members. Arriving at the club with Alan in her Honda Jazz, she saw havoc: The main clubhouse door was ripped off and lay on the ground. Shelves were toppled and chairs flipped. It looked as if a bomb had gone off. "We were gobsmacked," she says. "I can't even remember cups of tea being made, because we were so in shock."

As other members arrived, they discovered that four locomotives were missing, two owned by the club and two owned by members: the *Mayflower*, plus *Simplex*, *Speedy*, and the *John Milton Metro*. One of the victims, shattered by the theft of his beloved *Speedy*, a stout black and forest-green engine, effectively resigned from the club. *Mayflower*'s owner, Dennis Oldershaw, who'd built his locomotive over 25 years and planned to bequeath her to his grandson, broke down in tears and bolted from the scene. Mysteriously, one loco, which had been sitting unprotected outside on a workbench, was untouched, raising the prospect that the robbers had targeted specific trains. On the other hand, the thieves also took a lawn mower, a petrol strimmer (aka a weed wacker), and around £35 ($44) from the club's cash box. When Gregory Emmerson, a younger, bearded member of imposing stature, crashed through the gate to the grounds, he lost it: "What the f--- happened!?" he shouted. "F---ing hell!"

Even before the police showed up, Filley and her cohorts were hunting for clues. She canvassed neighbors to find out if they'd heard or seen anything suspicious the previous night (they hadn't). She looked for area CCTV cameras, hoping they might have captured a glimpse of the rogues (no dice). She and her band of amateur detectives came across muddy scuff marks on the road near the lamplight and now-limp wire fence. Williams also found breadcrumbs of evidence—footprints, wheelbarrow tracks, an abandoned walkie-talkie, broken-off locomotive parts—along the farm route the thieves took to the club's fences. As experienced engineers, club members immediately recognized how the robbers likely sawed into the containers. "Portable power tools are our worst enemy," says GMMES veteran Karl Midgeley.

A forensics expert from the Kent Police eventually arrived, but because the club is open to the public on weekends—and the thieves presumably wore gloves—collecting fingerprints was futile. Another officer visited just after 5 p.m. to take statements, but Filley recalled him mostly mumbling along while listening to her take on the situation. She and the club weren't impressed. "You don't get much support from police in this country," Filley told me, unsympathetic to the suggestion that there might have been more important matters to

investigate. “It’s survival: If you want something done, you get on and do it yourself.”

That same day, 62 miles northwest, not far from London in the town of Hemel Hempstead, a tatty white van motored up to the Miniature Railway Supply Co. A man entered the store, introduced himself as “Jamie” to owner Jeff Price, and said he had several locos for sale. “Interested?” Jamie asked. “I’ve just done a house clearance in Kent.”

Intrigued, Price followed him outside to the back of the van, where the stranger showed him a green engine with brass boiler bands—just like the *Mayflower*’s. Price asked Jamie to come back into his shop so they could go over the paperwork required for trains with boilers. But just as Price turned to reenter his shop, he suddenly heard doors slam shut and, snapping his head around, saw the van zoom away. Moments later, an assistant ran up to the baffled shopkeeper to report a stunning crime: “You’ll never guess what! Gravesend Model Marine have had four locos stolen!”

FILLEY, THE CLUB SECRETARY

On a recent Wednesday morning, GMMES members putter around the club’s sprawling lawn doing chores. A squad of senior engineers, their palms splotched with grease, are repairing British Railways loco No. 61149, while a pair of handymen with a mess of wrenches replace a rusty curve in the 5-inch-gauge track. (A track’s “gauge” refers to its width.) Emmerson and an equally bulky man smoking a cigarette deliver cups of coffee and tea on a tray.

In the four months since the theft, the club, aided by roughly £6,000 in donations from sympathetic locals, has mostly recovered. They’d welded all the shipping container doors back on, were installing security alarms, and, at the police’s recommendation, had planted prickly brambles and dense stinger nettles at the rear fence as a natural deterrent. Filley and a few members had lugged away a heap of heavy stones to make room for alarm cables. “I’m not some little woman putting the kettle on,” she says, sipping coffee from her Pudsey Bear mug.

Despite the good humor, members are still bewildered by the theft of the four locos, collectively worth £25,000 (or about $32,000). Citing the trains’ weight and distance from the getaway car, GMMES Chairman Richard Lightle wrote in the club’s newsletter, *From the Smoke Stack*, that “the thieves must have been built like the Hulk.” Boiler tester Ben Healey and his wife, Marion, theorize that it might have been a group of random visiting tourists (“scumbags,” Healey calls them), who’d taken photos of trains and asked about their monetary value. In any case, he’s certain that whoever the thieves ▶

18+

WHAT IS AVAXHOME?

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◂ were, they must have cased the joint carefully to avoid being captured on the CCTV cameras. "We were targeted—they knew exactly where to look," he says. "They were well tooled up."

I'd assumed a club consisting mostly of septuagenarians (one of whom matter-of-factly mentions he hasn't been a member "that long, only since 1994") would have struggled to respond to such a crime. But the opposite was true: The club is already surprisingly secure, and Filley, whose father was "an ex-copper in the rough area of Gravesend," meticulously documented the robbery via a day-by-day timeline of events and labeled photos of every unearthed clue. Although the case has gone cold, she's been spreading the message in the press and on social media, at auction houses and model-train shops, in hope of attracting fresh leads.

The professionals, on the other hand, have essentially given up. The Kent Police initially declined repeated interview requests, offering a series of ever-changing reasons. "As all lines of enquiry have been exhausted, the case has been filed pending further information coming to light," press officer James Walker wrote in an email. When I contact the Hertfordshire Constabulary, which supposedly had taken over the investigation into the encounter between train store owner Price and "Jamie," department spokeswoman Rebecca Choules says she's unaware of the incident and the Gravesend heist and can't find any mention of Price or his store in the constabulary's records. "I have done everything I can," she says. "I'm afraid it's very much a needle-in-a-haystack situation."

OLDERSHAW (NOT PICTURED, THE *MAYFLOWER*)

With the case in danger of going colder and inspired by Filley's doggedness, I take a shot at solving the mystery. I force myself to listen to several of my dad's soliloquies on the primacy of "Kughn-era technology" at Lionel. I also study Michael Crichton's *The Great Train Robbery*, as well as the 1978 film version with Sean Connery (which, coincidentally, is set in Kent and chronicles a heist worth £25,000 aboard a steam train that looks just like the *Mayflower*). My plan is to review all of Filley's clues with the help of a private eye.

With 11 five-star reviews on Google, Kent Private Investigator's Andy Punter seems like a surefire bet. ("A true godsend," one review raved. "He managed to confirm all my worries and suspicions that my husband was lying about his whereabouts and having an affair.") His website features the hallmarks of a modern-day Sherlock Holmes—eyes peering through binoculars, a motorcycle trailing a suspect's vehicle—but when I reach him by phone, he refuses to take on the case, though he does offer guidance. Given the nature of the crime, Punter says "100% no"

to it being an inside job, nor were the thieves pros. "If they stole the trains the night before, I can't see 'em selling 'em the next day—that doesn't make sense if they're professionals," he says. "There are so many close-knit model-train clubs. It's like a little cult."

Later that evening, I pull into the roundabout by the farm and park under the lone lamplight, a "proper deadlurk," as Crichton would have had it. Retracing the thieves' steps, I slip over the fence and walk along the plowed field, but I find nothing out of the ordinary, except the putrefied carcass of a fox and some empty bottles of alcohol—the area is purportedly a dwelling for the homeless, as well as a stop for RV-driving travelers. These caravaners—often referred to locally with the slur "gypsies"—draw finger-pointing from some barflies at the Gravesend Boat, where a Stella-sozzled twentysomething, who seems to use the C-word in lieu of commas, also shows me the local gossip page on Facebook. Commenters there puzzled over clues and expressed anger: "It's so upsetting that something that has been enjoyed and cherished by probably thousands of people over so many years has been destroyed by 1 or 2 selfish, small minded f---wits. I hope they know they are hated by so many," one wrote.

Even so, knocking on door after door of the houses across from the Leisure Centre earlier that day, I discover some neighbors not only are unaware of the robbery, but also don't even know that a train club stands mere meters from their residences. Other homeowners, who have fond memories of visiting as kids, express sorrow at the theft but report that they heard nothing the night of the crime. (A tattooed man with a white van outside his front door laughs when I jokingly ask if he'd committed the crime. He does admit to looking "dodgy" but swears he's innocent.)

Then, unexpectedly, a possible break in the investigation: Two of the homes on the street, I notice, have security cameras. At one, a skeptical-looking woman answers my knocks but says she doesn't want solicitations. At the other home, which boasts multiple cameras, including one of those Amazon-owned Ring Video Doorbells pointing at the street, a shirtless tween in sagging jeans answers with his smartphone glued to his ear. I hand him my business card, pleading that he ask his parents to give me a call, but I haven't heard back.

Lastly, I get in touch with Price, the owner of Hemel Hempstead's Miniature Railway Supply. When I reach him by phone, he sounds almost scared. "It was a very confusing situation, and I cannot comment further—I tried to help, but it all came to nothing," he says, before abruptly ending the call. What strikes me as unusual about alleged thief "Jamie" visiting his shop is that Miniature Railway Supply is so difficult to find online. It's hard to imagine the store's homepage, which has the aesthetics of a GeoCities site, receives many visitors. Assuming the robbers, in a rush to unload their stolen wares, ▶

◀ clicked the shop's link after Googling for one nearby, wouldn't the Miniature Railway's website have netted their IP address? When I follow up by email to beg Price for help, he again declines. "Access to our website visitor log is something that we have no experience of but would be happy for the police to undertake," he wrote. "But we feel it is inappropriate to provide such access beyond the police."

A month into my investigation, after sending the Kent Police a dozen emails, I'm finally allowed to speak to supervising Sergeant Paul Diddams, who again says all leads have been exhausted. He says police had reviewed CCTV cameras in Kent, "but unfortunately the system had overwritten the footage." When asked why most residents I talked with near the train club said the police never contacted them, and also why officers hadn't probed the security cams at those two homes, Diddams responds, "I don't know–I wasn't the attending officer. I'd like to think the [on-site] investigator covered that, but I'll look into it."

As for Price, Diddams says his feedback was forwarded to the Hertfordshire police. When I relay that the constabulary told me they had no record of his lead, Diddams declines to "pass comment" on fellow officers and maintains his version of the story. (By email, Price says he was never contacted by the Hertfordshire police.) At an impasse, I mention my theory that the police could check the Miniature Railway website's visitor history for indications of the thieves' identities or whereabouts. "I see your point, and I'll be honest: I don't know," Diddams says. Perhaps sensing the interview was going poorly, he later adds, "I want to stress that this was a horrible crime which had an impact on the victims. Something with such sentimental value as a historic model train–I get it, and we take all this seriously."

In the attic of the Filleys' chimney-topped home a short drive from GMMES, the mother of two shows me her husband's extensive stacks of Hornby cabooses and landscape accessories. Despite holding an office at the club, Filley herself isn't so much into model trains, but her husband and her son Samuel, now a driver of real commuter trains in Dartford, adore them. They can spend hours conducting the *Lady Patricia* and Stanier 5MT engines around the table's miniature town and tracks. What Filley seems to love most is protecting those around her and the things they hold dear. In a way, the attack on the train club was an attack on her family.

Filley hasn't stopped hunting for the lost locos, though she knows their turning up is a long shot. Her fear is that because the trains are readily identifiable–"too hot to handle," as she puts it–the thieves might have destroyed them or sold them for scrap. She and other experts also worry they could already have been sold in the

"I WILL NOT GIVE UP FIGHTING. I'VE BEEN FIGHTING FOR

Netherlands or elsewhere abroad, where dealers are apparently less careful about boiler paperwork. "Locos are far harder to sell on the secondhand market because of that paperwork, though I know it can be forged," says Bob Polley, chairman of the Southern Federation of Model Engineering Societies, which counts GMMES as a member. "Any country that doesn't take the certification process seriously would be a possibility, in the same way that years ago a stolen Jaguar or Audi would be put in a shipping container out to the Soviet Union."

CLUB MEMBER FRANK STANIFORTH WITH *ACHILLES*

Another potential outcome is that they're in the private estate of an affluent, unscrupulous model-train antiquarian, puffing around in some secret basement railway–like stolen Rembrandts or Vermeers, their singular artistry appreciated only in secret. "I will not give up fighting," Filley says. "I've been fighting for the past five years."

For her, the stolen trains and the failure of police to find a culprit have brought back painful memories of an earlier injustice her family suffered. In 2014, Samuel, then 43, was jumped by thugs coming home from his friend's place late at night in Gravesend. The attackers punched and stomped him bloody and broken; ripped off his clothes and personal effects; threatened to rape him; and dragged him into the lift of a flat complex. If not for a resident who heard the commotion and called the cops, Filley believes he would have been murdered. She attended every day of the subsequent trial. The judge in the case said that "other than [with] homicide," he had never seen such "absolutely unconscionable" violence. "I had to watch the [security camera] video of what they did to my son—it made me physically sick. I wouldn't want any mother to have to sit through that," she says. In 2016 two of the assaulters were given seven years of jail time—but they were released years early on probation. She thinks this was unforgivable, tainting her impression of law enforcement and the legal system.

Over chocolate biscuits, Filley says her feelings about the attack still drive her. Her charm and exceeding politeness—she regularly writes "chuckle" in emails instead of "lol"—belie a ferociousness of spirit. For her, solving the Great Model Train Robbery is now a lifetime pursuit. If I were Jamie, I'd be afraid. "Someone somewhere knows something," she says. "They're not going to get away with it." B

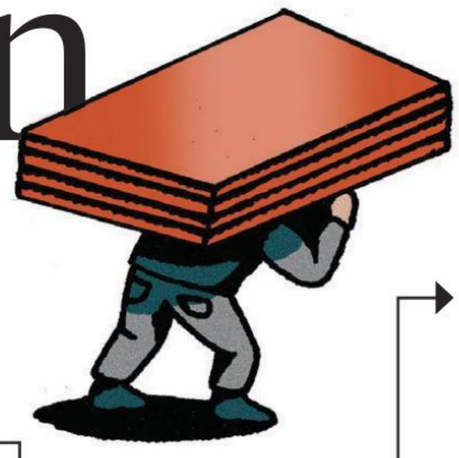
IVE YEARS"

TRAIN ROBBERY

Bloomberg Businessweek July 1, 2019

So You Want to Rob A Real Train

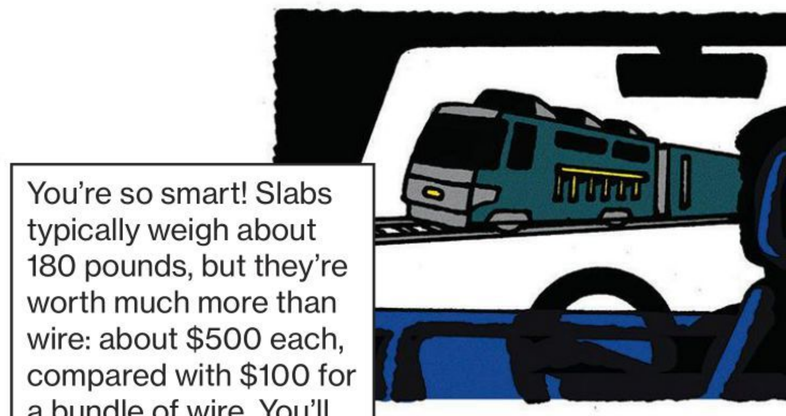
The copper mines dug into the dry plains of Chile's Atacama Desert have always presented a tempting target for thieves. The region—which spans an area as large as Nebraska—is mostly uninhabited, and because copper is crucial in everything from electronics to plumbing, it's relatively easy to find a buyer. Over the last few years, big mining companies including BHP Group, Codelco, and Antofagasta Plc have responded by adding more security around the mines themselves, but one weak spot remains: the trains that transport the refined metal hundreds of miles across the desert to be shipped off from port towns such as Mejillones and Antofagasta. The rail convoys travel without security personnel and make scheduled stops. Making things even easier for thieves, drivers are under orders to protect their own safety and not to resist if they're attacked. Train robberies have become so popular in northern Chile that a special police force has been tasked with escorting the convoys. Arrests of would-be bandits point to large, organized criminal networks, but so far no one has been caught in the act. You decide to give it a go. How hard can it be? —*Laura Millan*



START

Copper gets processed at the mines into two main forms, solid slabs and rolls of wire, each of which is 99.9% pure. Which are you going to go after?

Let's get slabs



You're so smart! Slabs typically weigh about 180 pounds, but they're worth much more than wire: about $500 each, compared with $100 for a bundle of wire. You'll need a big crew and an even bigger truck to carry them off, but first things first: Decide how you want to get them.

Break into the mine

In 2017, a mine worker recorded four thieves loading slabs into a van. The video went viral, pretty thoroughly blowing their cover.

FAIL

Assault the train

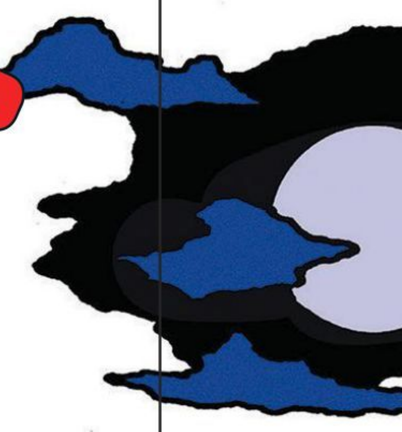
Good choice. What time of day?

By day

Wrong. Even if the trains don't travel with security, the conductors have eyes—and cellphones they can use to call the police.

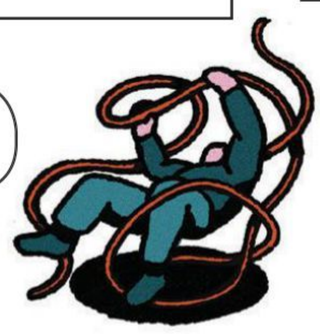
FAIL

By night



That still leaves the problem of headlights, which will be visible for miles around in a landscape as flat as the Atacama. Better wait for a full moon.

Let's get wire



You're so smart! The wire rolls are small enough that they can be spirited away in a backpack—you may not even have to rob a train at all. But first things first: Familiarize yourself with security protocol and figure out the mine's weak spots. How do you want to go about that?

Work at the mine

Congrats on the new gig! Now you have direct access to all the copper wire you could smuggle—and you're collecting a steady paycheck.

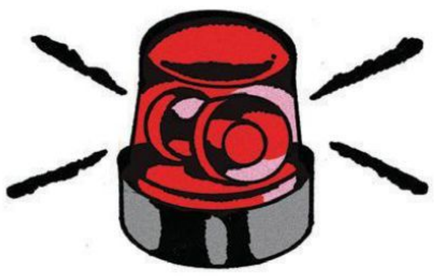
Live near the mine

You befriend one of the groups of female thieves known as *conejas* (Spanish for "rabbits"). They're experts at infiltrating mines, stealing a little bit at a time.

Pretend to work there

In 2016, eight people disguised as security personnel at the world's largest copper mine, BHP's Escondida, made off with 2 tons of copper wire worth about $81,300 at today's prices. They were spotted before they even tried to leave and arrested soon after.

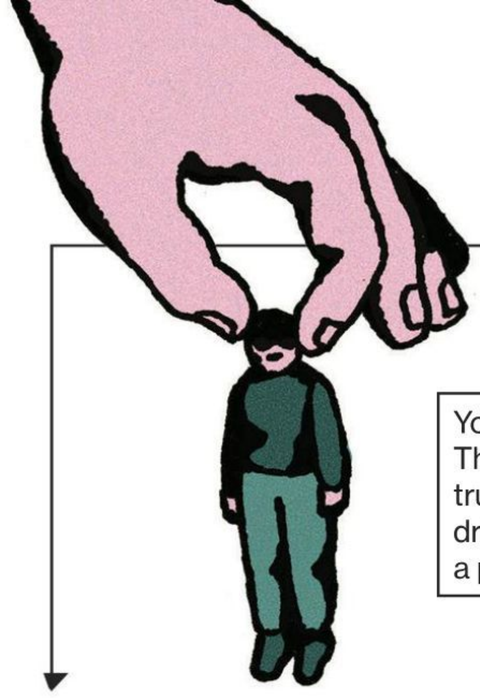
FAIL



Tote your loot over to the local scrapyard and reap your reward. Rinse. Repeat.

SUCCESS

ILLUSTRATIONS BY FELIX DECOMBAT



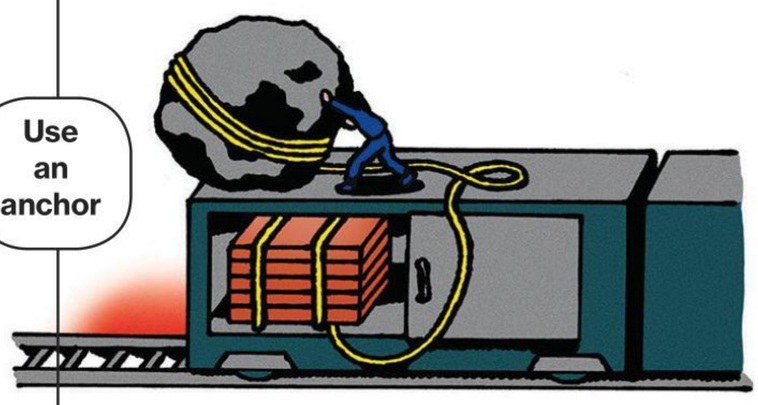
You wouldn't be the only one: There are numerous reports of trucks approaching trains, then driving away. Consider this one a practice run and try again.

Match your truck's speed with the train's and get as close to the cars as you can. Think carefully about your next move: How do you want to get the slabs?

Chicken out

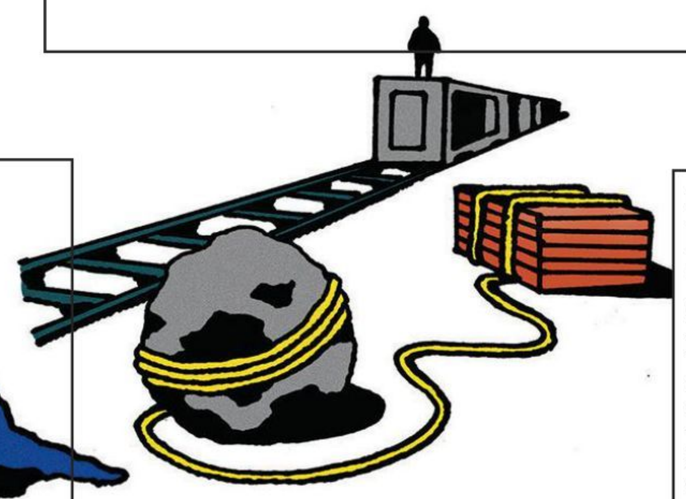
Push them off

Use an anchor



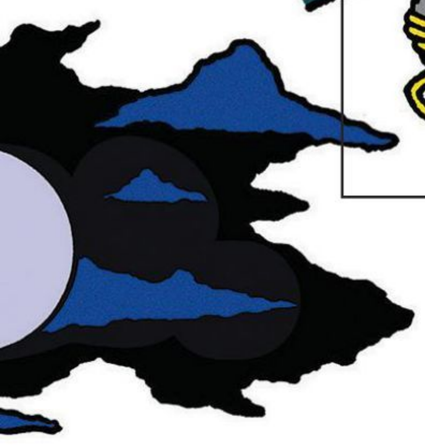
You land on the last car of the train. Cut the straps that secure the slabs to the car. Then push them off. You're a beast.

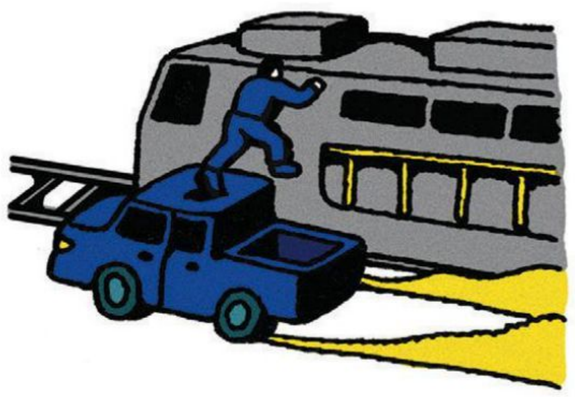
SUCCESS



Before you left, you attached a heavy-duty hook to a big weight (think: boulder or giant piece of metal) with a few yards of industrial rope. Line yourself up with the last car and either jump on it or throw your hook so it catches the straps holding the slabs on the car. Drop your weight and watch as it pulls the slabs off the train.

SUCCESS





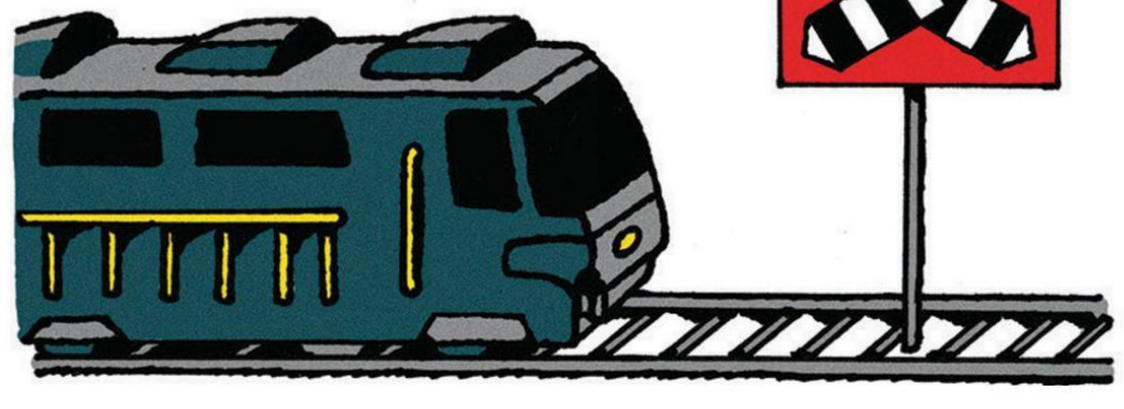
Race alongside it

The moon is full. You have your crew. You have your truck. Here comes the train. What's your next move?

Wait for a stop

You've done your recon and know where the train makes its usual stops. You and your crew swarm the cars and unload as many slabs as you can before the conductor realizes what's going on.

SUCCESS



Run!

Slow down: Each slab weighs 180 pounds. That's why you brought the truck, remember?

FAIL

What do you do with it?

Load the truck

MOVE ON

OK, you've got your copper. Time to unload it!

You drive off into the vast desert darkness. What next?

Bury it and lie low

Sell it right away

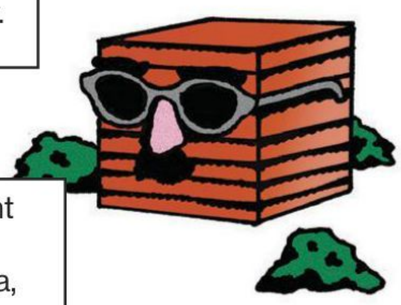
The police attention has died down, and you're ready to reap your profit. Do you want to sell it to one of the many illegal scrapyards in Antofagasta or Calama or try to move it yourself on the black market?

Scrap yard

Black market

For a cut of the final sale price, the scrapyard owner will process your haul into wire or smaller pieces so it can be sold off discreetly.

SUCCESS



Chilean police have caught truck drivers destined for black markets in Argentina, Bolivia, and Peru carrying slabs of copper concealed under mounds of trash.

FAIL

Make for the nearest scrapyard, drunk on your victory.

Police routinely set up checkpoints after a robbery. You're picked up almost immediately.

FAIL

UNDER THE BANNER OF BIODIESEL

Polygamist Jacob Kingston got fabulously rich running a company that, the government charges, collected $500 million in tax credits it didn't earn

On the afternoon of Aug. 23, 2018, federal agents fanned out across the Salt Lake City airport. They were looking for Jacob Kingston. He was 42, with short, dark hair and a salt-and-pepper beard. According to the IRS, Kingston had defrauded the U.S. government of more than a half-billion dollars, and now he was fleeing to Turkey. The agents feared that if he boarded KLM flight 6026, he'd never come back.

Kingston is a member of the Order, the largest Mormon polygamist clan in the U.S. Authorities call it an organized crime group. Concentrated in Salt Lake City, its 10,000 members control more than 100 businesses in the West, including a casino in Southern California and a cattle ranch on the Nevada border. Closer to home, it runs a tactical arms company that specializes in semiautomatic weapons.

The government had spent years investigating Kingston and a company he ran called Washakie Renewable Energy LLC, the most successful in the Order's portfolio. At a plant along the Utah-Idaho border, Washakie made biodiesel that it shipped out on rail cars, but the bulk of its profits came from $1-per-gallon tax credits that the IRS administered. The credits—cash from the government, basically—had made Kingston wealthy. He sat in a suite at Utah Jazz basketball games, hobnobbed with state power brokers, and moved one of his wives, Sally, into a mansion in a leafy Salt Lake suburb.

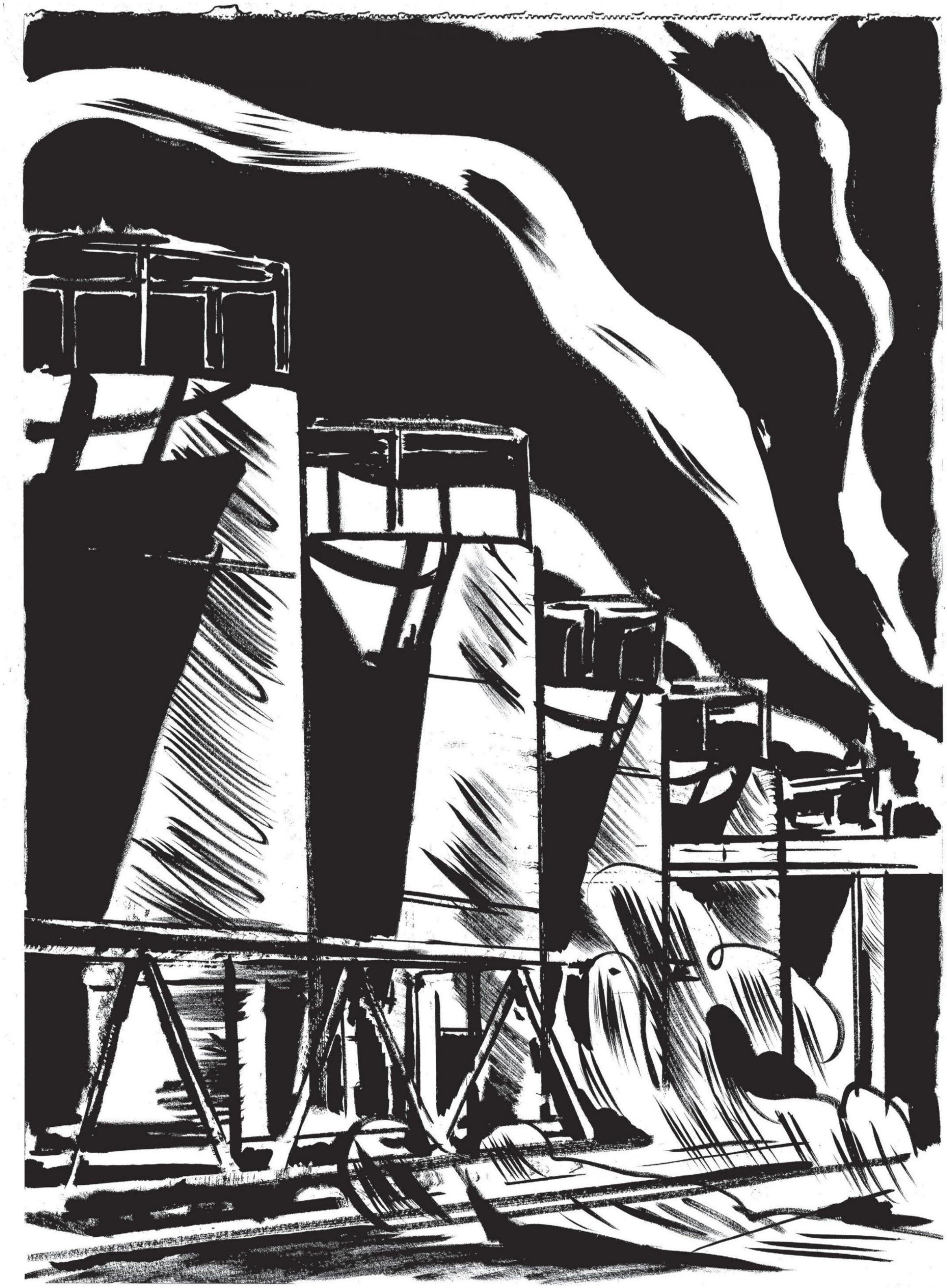
For more than a year, the government had also been probing Kingston's ties to a man named Lev Dermen. An Armenian immigrant, Dermen sat atop a small oil and gas empire in Southern California with a string of gas stations and truck stops. The feds suspected that Kingston had been running a sophisticated scam for years with Dermen's help. Evidence that the Environmental Protection Agency obtained suggested that Washakie's plant didn't produce the type of biodiesels eligible for tax credits. Yet the company had claimed more than $500 million in credits by allegedly falsifying records, sending diluted loads or tanks of water to co-conspirators, and recirculating the vegetable and animal fats and used cooking oil needed to make biodiesel on ships that shuttled from Panama to Houston. The government also accused Washakie of laundering $134 million to Turkey.

At the airport, the agents grew anxious as they saw Sally and her family arrive, according to a source close to the investigation, court records, and an interview with a former Order member. The family split up, entering different security lines. But Kingston was nowhere in sight. Authorities had long feared that he had a mole; more than two years earlier, he'd been tipped off to a raid on his home and business.

Now it seemed he'd slipped through their hands.

Early Mormons lived the principle of plural marriage as part of their religion, but the practice has been illegal in the state since 1890, driving the fundamentalist sects that keep it alive underground.

Many of these clans, such as the Fundamentalist Church of Jesus Christ of Latter-Day Saints (made famous in Jon Krakauer's book *Under the Banner of Heaven*) have scattered to the red rock deserts of southern Utah, where they live in isolation in sprawling, dilapidated compounds. The Order is one of the few that stayed in the Salt Lake Valley. For this story, *Bloomberg Businessweek* talked to 10 former and current Order members, who asked for anonymity to avoid being cut off from family still in the group. ▶



BY JESSE HYDE AND DAVID VOREACOS

ILLUSTRATIONS BY MARTIN GROCH

◀ Kingston's great-uncle Elden founded the Order at the height of the Great Depression. With a strong jaw, broad shoulders, and a shock of white hair, Elden claimed to be the "one mighty and strong" predicted by Mormon founder Joseph Smith who, "holding the scepter of power in his hand," would "set in order the House of God."

Convinced the Mormon Church had lost its divine authority in renouncing polygamy, Elden persuaded three other families to join him in establishing a sect to restore the kingdom of God. They would live as early Mormons had, observing the law of consecration, signing over all property and future earnings to the Order. They sold their possessions, dressed in blue overalls, and lived out of canvas tents in a town north of Salt Lake. They called it the Home Place.

When Elden died in 1948, his brother Ortell became prophet, and the clan grew in size and wealth. Ortell emphasized a doctrine called bleeding the beast. He taught the clan's women to descend upon state welfare offices with their children and claim to be destitute single mothers, a scheme that would qualify them for welfare programs such as food stamps. (In 1983, Ortell paid the state $250,000 to settle welfare fraud allegations, though he never admitted guilt.)

Authorities have alleged that Order members hired accountants to hide profits to avoid taxes; ignored environmental and safety regulations, including at their now-shuttered coal mine in central Utah; and armed themselves, swearing fealty to the prophet above any other man. "I strongly believe they are an organized crime family," says former Utah Attorney General Mark Shurtleff. (The Kingston clan, which publicly calls itself the Davis County Cooperative Society Inc., has long denied breaking any laws. In response to the Washakie charges, it told CBS in May that it "condemns in the strongest terms fraudulent business practices and stresses that this behavior goes completely against our beliefs and principles.")

To protect the family, the Order abided by certain practices. Children were taught never to talk to outsiders beyond what was necessary. Members avoided banks, which they didn't trust, and doctors, who could ask for birth certificates or other medical records that would expose the group's lifestyle. They handled their affairs internally instead of going to the police.

By the time Kingston was born in 1976, his uncle Paul was the prophet, and his father, Daniel, was the unofficial No. 2. Kingston's early life was governed by Order rules known as ABC standards, with an edict for every letter in the alphabet. Two commandments took precedence. One was the rule for "I," pertaining to "Incomings," which was a modern interpretation of the law of consecration: Kingston would only work for an Order business, and any money he made would be turned over to the church to build the kingdom of God. This law applied to everyone. Girls and boys as young as 7 worked at the clan's grocery store or answered phones at the Order's law office, where Paul often worked. Everyone was paid in scrip, a form of credit that was only redeemable at Order stores. "If the Order doesn't have it," the clan taught, "we don't need it."

The other was the rule for "O," corresponding to "Obedience," which was otherwise known as the law of one above another. Everyone answered to someone—first a father, then up the line to the Numbered Men who ran the Order's businesses. Paul had the final say in everything, from where you worked to whom you married to what house you lived in.

Kingston's second wife, Julianna Johnson, says that, as a boy, he was quiet and a bit aloof. In the clan's unofficial caste system, Kingston is near the top; he's a direct descendant of the group's second prophet, which connects his bloodline directly to Jesus, she says. While he spent time as a kid doing manual labor at the Order's ranch and coal mine, Kingston knew that good Order jobs awaited him, as did college.

The two married when she was 15. The relationship lasted five years, but Johnson says she and Kingston rarely saw each other. For a time she lived at a coal yard that the Order owned in Salt Lake and, later, at a clan-run hotel. She remembers Kingston spending most of his time with Sally, only showing up now and then after midnight. "It was a strange relationship. It wasn't even very physical. He was very immature, like joking and teasing," Johnson says.

By the late '90s, the Order had transformed itself from a small group of families eking out an existence on a communal farm into a conglomerate worth about $150 million, according to a 1998 estimate by Mormon historian D. Michael Quinn. Trucks from its A-1 garbage disposal company were ubiquitous in the Salt Lake Valley, as were signs for its commercial real estate firm, Arrow. The clan opened pawnshops, burger joints, and trailer parks and bought more property in neighboring states.

In 2006, not long after Johnson and Kingston split up, Kingston graduated from the University of Utah with a Ph.D. in mechanical engineering. Former Order members say it was about that time that he and his father started talking about building a biodiesel plant on a ranch near Plymouth, Utah, on the Idaho border. Just a year before, Congress had created the Renewable Fuel Standard, which was designed to reduce reliance on foreign oil and cut greenhouse gas emissions.

FRAUD

The law mandated that refiners such as Valero Energy Corp. or Exxon Mobil Corp. blend into their products at least 4 billion gallons of renewable fuels, like ethanol and biodiesel, with the number jumping to 7.5 billion gallons by 2012.

What was then known as Washakie Ranch was in a perfect spot. Situated at the base of a rugged mountain range, it sat next to a rail line, which would be ideal for shipping in the raw products needed to create biodiesel and shipping out tankers filled with it. "We felt like we were building something that would contribute to the kingdom of God," says a former Order member who helped build the plant.

By 2011, Washakie Renewable Energy billed itself as one of the largest producers of biodiesel in the western U.S. The Order had long operated in the shadows, but Kingston began breaking from tradition. Washakie became a main sponsor of the Jazz, and it paid for ads that ran before movies at an area theater chain. The company also started contributing to local politicians. "It made the prophet uncomfortable, because he didn't like to draw attention to the Order, but it was seen as a necessary cost of business," says another former member. "And Washakie was making a lot of money for the family."

KINGSTON (CENTER)

Kingston broke from Order tradition in another way. For decades the family had done business with only blood relatives, even avoiding working with other polygamists. But he partnered with outsiders, and in early 2011 he met Dermen at a conference in Las Vegas, says a source familiar with the investigation.

Dermen ran a biodiesel producer called Noil Energy Group Inc. The two became close, according to the government. At a court hearing, IRS special agent Tyler Hatcher said that Kingston "couldn't make a decision without checking in with Mr. Dermen first."

They were an odd couple. While Kingston grew up in rural Utah and Nevada, Dermen fled Armenia with his parents and older brother when he was 14, settling in Los Angeles. He dropped out of Hollywood High School in 10th grade to work at the family gas station, saving up until he could lease his own pump. He soon owned three stations.

Dermen drove in armored vehicles and traveled with security. His lawyer, Mark Geragos, said in court filings that his client had reason to fear for his safety: In July 2016 a gunman ambushed a car that Dermen's son was in, thinking Derman was the passenger; Dermen's son wasn't hit, but the driver was shot five times (he survived). A biodiesel trader who met Dermen the year before says he carried himself with a slightly menacing air. He wore blue alligator shoes, a blue alligator belt, and designer jeans. The clothing "didn't look like it fit on the guy. It looked like he was playing the part of the big shot," says the trader, who spoke on condition of anonymity.

Dermen told the trader to call him the Lion (*lev* in Russian). It was a request he made frequently. Then he suggested that they walk to lunch. "It was like straight out of *The Godfather*," the trader says. "The table was waiting, everybody had to kiss his alligator shoes."

In August 2017, a joint Los Angeles Police Department-Homeland Security task force investigating Dermen for alleged biodiesel fraud of his own raided his homes and businesses and seized potential evidence, including his $1.7 million Bugatti Veyron. He eventually got his property back, and the case was closed, says the source close to the investigation.

The Renewable Fuel Standard initiative put billions of gallons of biodiesel into the marketplace, but it was also a magnet for cons. Around the time of Dermen's meeting with the biodiesel trader, the EPA had begun investigating whether Washakie was running an illegal operation.

Part of the problem with the program was enforcement. In its early years, registering with the EPA to claim tax credits didn't even require an inspection. One fraudster in Ohio signed up with pictures of a biodiesel plant that he found online. The EPA also did little to ensure that plants were producing as many gallons as they claimed or testing the quality of the product. "It was a 'buyer beware' program," says Doug Parker, the former head of the agency's criminal investigations unit. "It was up to the fuel producers to make sure the biofuels they were buying were up to standards."

Prosecutors allege that Washakie joined other biodiesel producers in a complex fraud. It worked like this: EPA rules dictate that companies such as Washakie can make a pure biodiesel (B100) or buy it and cut it with petroleum (B99). For every gallon of pure product that Washakie made, it could earn at least an additional $2: $1 via a credit and $1 or more for the RIN, or renewable identification number that correlates to that batch. Refiners who fall short of blending the minimum biodiesel into their products can buy RINs as an alternative way to comply with the standard. (Ethanol RINs generally remain affixed to their respective gallons, ▶

◀ but the EPA allows biodiesel makers to strip RINs off their product and sell them as tradable credits.)

The question is whether Washakie ever produced or bought B100. The government says it often didn't, instead buying millions of gallons of B99 and falsifying paperwork to make it appear that it was producing the purer variety. Prosecutors say the company hired barges to move B99 from Houston to Panama and back to Houston; it was then transported and sold to Washakie as B100. A former worker says Washakie was fudging paperwork to make it look like it was producing biodiesel. Kingston's lawyer, Marc Agnifilo, says, "We took credits appropriately on the type and amount of biodiesel that was created."

In 2015 the EPA claimed that Washakie generated 7 million false RINs for biodiesel it purportedly produced five years earlier. The company paid $3 million to settle the civil case without admitting wrongdoing. The next year, Washakie applied for $644 million in false credits that it never received, prosecutors charge.

Still, as more than $500 million in credits rolled in, Kingston began distancing himself from Order leadership, former members say. He told business partners that he wasn't a polygamist, even though he'd recently taken another wife. Ortell, the second prophet, had prided himself on his frugality, living in a dilapidated shack and bragging that he'd worn the same black shirt every day for a year. Paul wore secondhand suits and kept his office on a grimy downtown side street. But Kingston liked nice cars—a former member recalls him showing up to a family barbecue in a yellow sports car—and didn't mind spending money on frivolous things, such as gambling in Las Vegas.

Kingston's justification was that if Washakie wanted to play in the big leagues, he had to look the part. He was no longer turning over all of his profits to the church. Washakie was ordering tens of millions of dollars' worth of biodiesel in a single shipment, and it needed more control over its cash than typical Order businesses, which pooled their money for general use. He bought a $4.5 million mansion in Sandy, Utah, and a $1 million home in Salt Lake, around which he promptly built a wall.

Kingston was becoming an international man of business. Now worth hundreds of millions of dollars, he diversified his portfolio, becoming a partner in a chemical company in Turkey and buying a palm oil plant in Kuala Lumpur. Prosecutors allege he used an office at a villa on the Bosporus in Istanbul, where he kept a Mercedes-Benz S-Class in a garage he shared with Dermen. Back home, Kingston bragged that he was friendly with Turkish President Recep Tayyip Erdogan; a former Order member told prosecutors that Kingston had a cellphone video showing a police escort from the airport. Kingston felt so at home in Turkey, he married off one of his sons there, flying in an entourage of family members. The former Order member says there were rumors that he was thinking of buying an island near Turkey where the clan could move if necessary.

Early on the morning of Feb. 10, 2016, IRS, EPA, and Homeland Security agents raided Kingston's Sandy mansion, rustling him and Sally out of bed. Kingston would later describe the raid in a court hearing as a "full tactical seizure" during which he and his family were awoken and held at gunpoint.

Across town, agents raided Kingston's offices, searching for tax and accounting records, bank statements, and other Washakie-related documentation. What they found instead were empty bookshelves and scrubbed hard drives. The clan had been tipped off before the raid by someone inside the government, former members say. One says that children had been sent to the offices to destroy records and that boxes of documents were hidden in members' homes.

AGENTS FEARED KINGSTON WOULD FLEE TO TURKEY

In California, Dermen was running into his own problems. Prosecutors were looking at a series of suspicious wire transfers that Kingston and Dermen made to Turkey. Kingston once wired $9 million to a company he owned there—and within about a week, that $9 million was wired to a U.S. company that Dermen ran.

The botched raid on Order businesses did little to slow the government's investigation of Washakie. Kingston knew the government was talking to cooperating witnesses and gathering evidence. The penalty for tax fraud could be severe. By 2017 more than 30 people had been accused of defrauding the IRS in biodiesel tax credit scams. Most had been sentenced to prison, including one person who got 20 years.

In January 2017, the government began closing in. It had flipped a Kingston and Dermen associate named Santiago Garcia-Gutierrez. Dermen had introduced Garcia to Kingston. For a time he worked for Washakie, until he was fired for embezzlement, according to court filings. He later told law enforcement that part of his job there was to give money and favors to Utah politicians.

Kingston agreed to meet with Garcia, who promised him he could make the case disappear. They met at the Grand America Hotel, the largest and most opulent in Salt Lake. Garcia, who was working as a government

KINGSTON TOLD BUSINESS PARTNERS THAT HE WASN'T A PO

informant to avoid charges connected to reentering the country illegally, told Kingston he could pay off the judges and prosecutors investigating Washakie. Going forward, they agreed to speak in code via text, referring to a Department of Justice official that Garcia said he could bribe as Commissioner Gordon. Kingston would be Batman.

A few weeks later, according to texts that the IRS retrieved from Garcia's phone, Kingston told him about a witness in Miami who was cooperating with the government. He asked Garcia if he could get an enforcer to scare the witness. "Ring the bell of the bird in Miami," Kingston texted, according to court filings. (Garcia's lawyer, Victor Sherman, says, "If called as a witness in this case, he will tell the truth and lay out all the facts.")

Growing concerned, prosecutors sent IRS agents to provide 24-hour security to the Miami witness. They also worried that Kingston and Dermen were about to go on the run: The pair had conspired to wire more than $134 million to Turkey, where Kingston's investments included a company that assumed nonperforming mortgage loans. It also appeared that the pair owned businesses and property together, according to prosecutors. If they made it to Turkey, extradition was unlikely. On Aug. 20, 2018, Kingston bought airline tickets for himself, Sally, and four other family members on Travelocity.

ALTHOUGH HE'D RECENTLY TAKEN ANOTHER WIFE AND LIVED AS A POLYGAMIST, EVEN THOUGH IT'S A FELONY

When his family showed up at the airport three days later without him, agents watched them at the gate. One former member says Sally and several family members, including Kingston's son and his son's wife, boarded the flight. But Kingston was nowhere in sight, and a frantic search ensued. Then a voice came over the plane's intercom. Kingston had been taken into custody. Any family members on board needed to disembark. The source close to the investigation says that Kingston was apprehended on a sky bridge, getting off a flight from Houston and on his way to the KLM gate.

Later that day, agents took Dermen into custody in L.A.

Last April, Kingston and Dermen appeared in a courtroom in downtown Salt Lake with Kingston's brother Isaiah, who's also been indicted, for a pretrial hearing. They wore prison jumpsuits. Kingston nodded to Sally and his mother, Rachel.

Isaiah's wife, who recently gave birth to the couple's eighth child, had dressed their kids in their Sunday best—white dress shirts and black pants for the boys, dresses for the girls. Isaiah made eye contact with his kids, smiling warmly whenever they looked at him.

Earlier this year prosecutors offered to resolve the case against Kingston by offering a deal that required him to plead guilty and testify against the family, say two people knowledgeable about the matter. He declined and intends to go to trial, they say.

The proceedings are scheduled to begin on July 29 and last 10 weeks. Kingston and Isaiah face charges related to filing false claims for fuel tax credits, conspiring to obstruct justice, and witness tampering. Those two, as well as Sally, Rachel, and Dermen, are charged with conspiracy to commit mail fraud and money laundering. All five have pleaded not guilty. Dermen has asked to be tried separately from the Kingstons; Geragos has argued that his client had nothing to do with the Order and wasn't in on the alleged biodiesel scam.

Prosecutors say the case is by far the biggest biodiesel fraud in U.S. history and that Washakie's tentacles ran throughout the country. They plan to show that the Kingstons were in cahoots with biodiesel producers from Florida to Ohio. Kingston attorney Agnifilo says, "The charges are misguided and stem from cooperators who themselves engaged in illegal conduct and are now implicating Jacob Kingston to secure their own freedom." Sally's lawyer declined to comment, and Isaiah's and Rachel's lawyers didn't return calls for comment.

On June 17, Kingston's lawyers asked the judge to bar mention of the Davis County Cooperative Society, the Order, or polygamy. They wrote in a court filing that these references could inflame jurors, "considering how emotionally and politically charged the issue of polygamy is and has been in Utah."

Meanwhile, the government is worried about witness safety. At an August hearing, prosecutor Leslie Goemaat said bricks had been thrown at the house of one. At the April hearing, prosecutor Rich Rolwing said some witnesses still expressed concern for their well-being. Others said they feared that Dermen will retaliate.

Order members who've agreed to testify are afraid that doing so will result in excommunication. The clan has "more leverage on their members than the typical person," says the source familiar with the investigation. "They're not just holding the person's life in their hands. They're holding their salvation and eternal life in their hands."

One Order member says that the group is praying for Kingston and Isaiah; it's long been persecuted for its way of life by the mainstream Mormon power structure that runs the state, and this trial is no different. Regardless of what happens with the case, the clan believes, the work of God won't be slowed, and his kingdom on Earth will be restored. Ⓑ

Reality Heists

BY CAROLINE MOSS AND ZEKE FAUX

The wives on Bravo's *Real Housewives*, one of TV's most infamous franchises, may bring in the big bucks, but their present and former husbands have plenty of their own drama

GETTY IMAGES (4)

GIUSEPPE "JOE" GIUDICE

MARRIED TO TERESA GIUDICE, NEW JERSEY

The Giudices didn't pay taxes from 2004 to 2008, but that didn't stop them from obtaining $4 million in mortgages—they just showed the banks fake returns, according to prosecutors. Then they spent the money, filed for bankruptcy, and lied about their income from Bravo. Joe pleaded guilty to fraud charges and was sentenced to 41 months in prison. Teresa served about a year. Joe is waiting to hear if he'll be deported because of the felony conviction: Although he's been in the U.S. since he was a baby, he never obtained citizenship. "I think that in Jersey we say 'going away' instead of 'going to prison' because it's old school. It's a matter of pride in trying to protect your family. It's a Jersey thing," says Kathy Wakile, Teresa's cousin.

MAURICIO UMANSKY

MARRIED TO KYLE RICHARDS, BEVERLY HILLS

The founder and chief executive officer of a luxury real estate brokerage, Umansky was sued in March by a company that owns an ultraluxury seaside mansion. He allegedly arranged for an associate to buy it below market for $33 million. The buyer then flipped it for $70 million a year later—and allegedly shared the profits with Umansky. The really shady part? The mansion was owned by a politician from Equatorial Guinea, and he'd agreed to use the sale to benefit his poor country as part of a settlement with the U.S. Umansky denied the allegations in court and said the mansion initially sold for a low price because it was run-down.

FRANK CATANIA

EX-HUSBAND OF DOLORES CATANIA, NEW JERSEY

Catania (right) was disbarred in 2017 for misappropriation of $25,000 of client and escrow funds and failed to mention it to his ex-wife, Dolores, who learned the news when executive producer Andy Cohen brought it up on a reunion episode. Catania claims a client of his nicknamed "Bones" gave him permission to borrow funds; the argument was found to be unpersuasive in court."There's like an unwritten law in Italian culture where you don't ask someone their personal business," Dolores once said in a confessional on the show. "You don't address the pink elephant in the room. If I choose to share it, that's my choice."

PAUL KEMSLEY

MARRIED TO DORIT KEMSLEY, BEVERLY HILLS

"Kemsley is a bankrupt who does not live like one," a New York judge wrote in a ruling against him. Kemsley, an English property developer, has been sued at least three times in the last seven years over various gambling debts and allegedly failing to pay a business partner in his wife Dorit's swimwear line, Beverly Beach. Kemsley denied the bathing suit-related allegations in court, and the parties are in mediation. He told the *New York Post* in May after settling one gambling-debt lawsuit and winning another: "I now live an entirely different happy, peaceful life." Kemsley filed for bankruptcy in 2012 after the collapse of his empire, long before he appeared on Bravo's *Real Housewives of Beverly Hills*, where he notably presented his wife with a rose-gold Bentley for her 40th birthday.

TOM GIRARDI

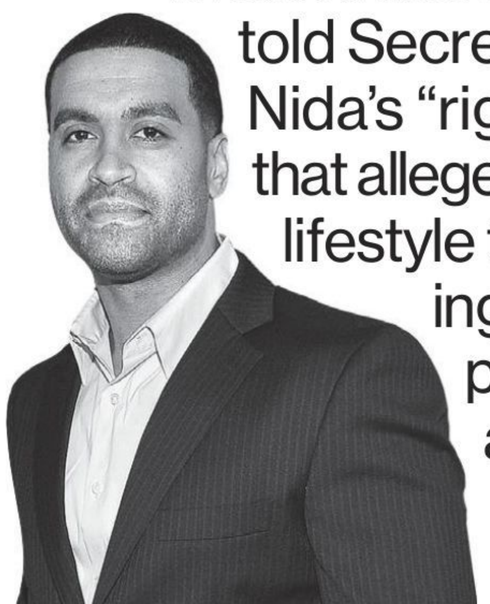
MARRIED TO ERIKA GIRARDI, BEVERLY HILLS

Lawyer Thomas Girardi, who rose to fame after his case against Pacific Gas & Electric Co. inspired the movie *Erin Brockovich*, was sued in May for not paying back a $5.1 million loan to his firm. The lender claimed that he redirected the money to himself and his wife to "sustain their lavish lifestyle and maintain their glamorous image." In a statement to celebrity news site the Blast, Girardi disputed the allegations, saying, "I have not taken one penny from the law firm in the past three years." Another lender sued in January, claiming Girardi owed $15 million. "Listen, we're in the lawsuit business, baby. We sue and get sued," his wife said about that case to *Us Weekly*.

APOLLO NIDA

EX-HUSBAND OF PHAEDRA PARKS, ATLANTA

Nida, who divorced Phaedra Parks in 2017, appeared to run a real business in a suburban office park. But when Nida's employee got caught with fake IDs, she told Secret Service agents that she was actually Nida's "right-hand bitch" in an identity theft ring that allegedly took in $2.3 million. Nida blamed "the lifestyle that TV creates" for his scamming, saying at his 2014 sentencing hearing that he "just got sucked in" because of the pressure to keep up. He pleaded guilty to conspiracy to commit bank fraud and was sentenced to eight years in prison, due to be released in October.



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