

The SAGATUG

INTERFACE

Volume 23 Number 6

June, 2002

The San Gabriel Valley Technology User's Group. The Club for TRSDOS and MS-DOS

FBI Targets Illegal Telemarketers

Editors note: A visit to the FBI website (www.FBI.gov) greets the visitor with some new departments. In an apparent attempt to make the site more family oriented, a new department of the site includes: FBI E-News that includes subsections such as "Parents' Guide to Internet Safety," "Operation Senior Sentinel", "Crimes Against Children Program", "Common Internet Fraud Schemes" among others. The following article is a collection of three undercover operations used to stop telemarketing schemes targeting the elderly.

Operation Disconnect

In 1993, the FBI unveiled Operation DISCONNECT (1990-93), a national covert investigative effort aggressively targeting telemarketing fraud. DISCONNECT was developed as an innovative and unique approach to address Salt Lake City's identified telemarketing crime problem. This operation was designed to

(Continued on page 2)

PowerQuest, AccessData Demos Set for July Meeting

Gene Barlow represents two fine software companies, PowerQuest Corporation and AccessData Corporation. These companies publish some excellent hard drive utilities. PowerQuest's PartitionMagic helps to organize and protect your data while running multiple operating systems on the same computer. Drive Image 2002 was just announced on April 23rd with many new features, including LAN support, creating and restoring drive images while running in Windows, and an Easy-to-use, intuitive Windows interface. Access-

Data publishes hard drive security products including SecureClean.

Gene's presentation will focus on the following topics: How to Move to Windows XP; Backing up your Hard Drive; and Securing your Hard Drive. Windows XP has gathered a lot of attention the past few months. Many users are looking for ways to move their computers to the new operating system, but aren't sure what is the best way for them to go. Gene Barlow is an expert on hard drives and operating systems and will outline six ways that you may use to get to Windows XP. He will describe advantages and disadvantages of each approach. If you are thinking of going to Windows XP in the future, this is a presentation you will not want to miss.

Gene will bring handouts and exciting door prizes as well. "Special User Group Prices" on many of these products will be offered at the meeting and available to take home with you. It should be a super meeting. Bring a friend and don't miss it!



Memory Jogger...

See you at the next SAGATUG meeting this Friday, June 14, 2002 from 7 to 10 p.m. at the Arcadia Park Senior Citizen's Center, 405 S. Santa Anita Ave. (See page four for directions and more upcoming events.)

(Continued from page 1)

Operation Disconnect

allow undercover FBI Agents to engage in direct conversations with the owners and operators of identified illegal telemarketing operations. During the conversations, the operators discussed explicitly how they conducted their illegal business. The undercover scenario proved to be so effective that similar undercover operations were initiated in a number of other FBI field offices around the country. At its conclusion, DISCONNECT encompassed 18 FBI field offices and was the most ambitious investigative initiative countering illegal telemarketing operations.

An essential feature of the undercover scenario centered around undercover FBI Agents visiting the owners of illegal telemarketing operations and representing themselves as salesmen of a company which leased a "one-of-a-kind" computerized automatic dialing system. This equipment was advertised by the undercover Agents as a method to dramatically reduce the telemarketer's operating costs and increase their incoming phone calls, thereby generating additional profits for the operation.

The undercover scenario continued with the undercover Agents designing a recorded sales pitch that was customized for that particular telemarketing operation. In order to develop the "pitch," knowledge of the operation was essential. The owners and operators disclosed that they were in the business to defraud people. The recorded sales pitch, which was developed after interviews with the owners and operators, would be installed in the computerized dialing equipment and used to promote the telemarketer's operation. The undercover Agents arranged for a test of this customized recorded sales pitch in order to demonstrate its effectiveness. The test results were quite successful with a number of "consumers" purchasing the product.

Based upon the success of the test, the owners of the telemarketing operation were so impressed that they expressed their interest in having the system installed. The telemarketers were unaware, however, that the sales pitch was never reduced to a recording nor was the dialing equipment ever activated. At a prearranged time, other FBI Agents, posing as customers, made the

"return" phone calls to the telemarketing sales personnel. The lure of quick illegal profits, in this instance, proved to be the undoing of these operations.

The success of DISCONNECT was based largely upon the use of recorded "pitches" as evidence against the telemarketers. DISCONNECT resulted in the indictment and conviction of 402 subjects, execution of 101 search warrants, seizure of \$7.65 million worth of property and forfeiture of \$6.76 million.

Senior Sentinel (1993-95)

SENIOR SENTINEL (1993-95) began as an innovative way to obtain tape recordings of fraudulent telemarketers' pitches utilizing citizen volunteers. At the outset of SENIOR SENTINEL, the Iowa Attorney General's staff transferred the telephone numbers of telemarketing fraud victims to their office. Staff, posing as elderly victims, answered these numbers and recorded the conversations. Fraudulent telemarketing calls immediately flooded these phone lines, and the staff obtained irrefutable evidence of misrepresentations made during those calls. Iowa's telemarketing fraud enforcement program proved so successful that search warrants executed on illegal boiler rooms throughout the United States repeatedly uncover instructions to fraudulent telemarketers not to call into Iowa. BI then replicated Iowa's taping program on a national scale.

Undercover Agents and citizen volunteers, many of whom were referred by the American Association of Retired Persons (AARP), set up and staffed telephone lines. Telemarketers would contact the volunteers, believing that they were soliciting people whom other telemarketing schemes had previously victimized. Agents and volunteers recorded these conversations in which the telemarketers used false and misleading statements in soliciting funds from the would-be "victims" to participate in the scams. Investigators and prosecutors then used those recordings to prosecute the telemarketers for various fraud offenses.

On December 7, 1995, United States Attorney General Janet Reno announced the takedown of Operation SENIOR SENTINEL, in which 38 FBI field offices, 12 United States Attorney's Offices, more than a dozen state attorneys general offices, and the Fraud Section of the Criminal Division of the Department of



(Continued on page 3)

(Continued from page 2)

Senior Sentinel

Justice had participated. As of July 31, 1996, SENIOR SENTINEL had resulted in the conviction of 598 persons for telemarketing fraud-related offenses, execution of 104 search warrants, and the investigation of 180 telemarketing "boiler rooms". Many federal and state telemarketing investigators now commonly use the "SENIOR SENTINEL technique" to obtain incriminating statements from unsuspecting con artists. As fraudulent telemarketers have adopted multiple techniques to make it more difficult to investigate and prosecute them successfully, law enforcement has found it necessary not only to adopt innovative investigative approaches, but also to join forces at all levels of government. For several years, joint telemarketing task forces have consisted of federal, state and local prosecutors and investigators.

One of the reasons for the success of these local task forces is their ability to take two approaches to prosecution. Under federal mail and wire fraud statutes, and a number of state fraud statutes, prosecution of fraudulent telemarketers may be conducted in either of two possible venues. Prosecutions can occur where the fraudulent "boiler room" is operating, known as "backyard" venue prosecutions, or where the victims were defrauded, known as "victim" venue prosecutions. Many states have also enacted regulatory legislation that makes the telemarketers' failure to comply with that legislation's requirements (e.g., registration and bonding) a criminal offense.

Operation DOUBLE BARREL is a nationwide operation that combined the SENIOR SENTINEL technique of consensual recordings, the increasing willingness of federal and state authorities to work together in combating telemarketing fraud and the availability of "backyard" and "victim" venue prosecution. DOUBLE BARREL involves the conduct of simultaneous and coordinated federal and state prosecutions of telemarketing boiler rooms. State Attorneys General will prosecute victim venue cases involving subjects of telemarketing fraud schemes, relying primarily on the FBI's investigation of those subjects in the location where they are operating.

FBI Agents conduct their typical telemarketing investigations, trying to identify victims from those states participating in the initiative. The results of the investigations are forwarded to United States Attorneys' offices and the state offices for coordination of prosecutions. Thus, telemarketing schemes face federal prosecutions involving backyard venue cases, and state



prosecutions in victim venue cases. Department of Justice policy permits the pursuit of federal and state prosecutions against the same fraudulent scheme in a manner consistent with constitutional protections such as the Double Jeopardy Clause.

DOUBLE BARREL enables federal and state authorities to coordinate the application of their combined resources to have the maximum impact on fraudulent telemarketing. Participating states safeguard their citizenry with a greatly reduced burden on their limited investigative resources. Federal Agents and prosecutors also benefit from the enhanced coordination and investigative contributions that DOUBLE BARREL can provide in their investigations.

DOUBLE BARREL was publicly announced on December 17, 1998. The FBI expects that the operation will continue to provide invaluable intelligence about how illegal telemarketing operations function, including the methods of operation and the means of avoiding law enforcement detection and prosecution. This intelligence will assist law enforcement and regulatory agencies in combating this crime problem in the future. Ultimately, law enforcement authorities hope that DOUBLE BARREL will also serve to deter telemarketers from contacting victims in states participating in this initiative.



Next SAGATUG Meeting

Time and Place:

7 to 10 p.m., Friday, June 14 2002
Arcadia Park Senior Citizen's Center, 405 South Santa Anita Avenue, Arcadia.

(In the park just south of Huntington Drive)
Meetings are on the second Friday of every month

Upcoming Events:

Manhattan Beach, last Saturday, monthly,
TRW Swap Meet, Admission Free.

Santa Ana, last Sunday of each odd month,
ACP, 1310 E. Edinger, Admission Free.

Pomona Swap Meet 3rd Saturday, monthly, at Cal
Poly Pomona, 3801 W. Temple Ave., Admission Free

Pomona Fairplex, June 15 & 16, 2002 (Sat., Sun.)
Bldgs. 6 & 7 at LA Fair grounds, Gate 14, Admission
\$7, plus parking.

Burbank, June 29 & 30, 2002 (Sat. & Sun.), Hilton
Burbank Airport & Convention Center, 2500 Holly-
wood Way, Burbank, CA 91505. 10 a.m. to 5 p.m.
\$5 admission

Costa Mesa, August 3 & 4, 2002 (Sat. & Sun.), Or-
ange County Fair and Exposition Center, 88 Fair
Drive, Costa Mesa, CA 92626, 10:00 a.m. to 5:00 p.
m., \$5 admission

Santa Monica, November 30, 2002, Santa Monica
Civic Auditorium, 1855 Main Street, Santa Monica,
CA 90401

Club Officers and Board Members:

President	Art Molz, art1sam@juno.com
Vice President	Royal Brown
Treasurer	Bob Day, trebor543yad@earthlink.net
INTERFACE Editor	Bob Allen, boballen99@earthlink.net
Past President	Art Heywood, heywoodm@worldnet.att.net
Members at Large	Roy T. Beck, roybeck@ix.netcom.com
Webmaster, SAGATUG.org	John Calhoun, johnpc@netzero.net

IN THIS ISSUE:

FBI Targets Illegal Telemarketers	1
PowerQuest, AccessData Demos Set for July Meeting	1
Memory Jogger	1
Upcoming Events.....	4

Deadline for the Newsletter

The deadline for the INTERFACE is the last Sat-
urday of the month.

Republication:

Articles may be republished if credit is given to
the author and the San Gabriel Valley Technology
User's Group.

**Please visit the new SAGATUG website
at www.sagatug.org There you will
find photos of the meeting site maps to
the meeting, articles from other sources
and an archive of the *SAGATUG Inter-
face*.**

SAN GABRIEL VALLEY TECHNOLOGY USER'S GROUP
PO Box 661213
Arcadia, California 91066-1213

FIRST CLASS