

Bernanke Victimized by Identity Fraud Ring

Exclusive: According to court documents, the Fed chairman and his wife were swindled in 2008 by a skilled team of crooks.

By **Michael Isikoff** | Newsweek Web Exclusive
Aug 25, 2009

If ever there were living proof that identity theft can strike the mighty and powerful as well as hapless consumers, look no further than the nation's chief banker: Ben Bernanke. The Federal Reserve Board chairman was one of hundreds of victims of an elaborate identity-fraud ring, headed by a convicted scam artist known as "Big Head," that stole more than \$2.1 million from unsuspecting consumers and at least 10 financial institutions around the



country, according to recently filed court records reviewed by NEWSWEEK.

Last summer, just as he was dealing with the first rumblings of the financial crisis on Wall Street, Bernanke learned that a thief had swiped his wife's purse—including the couple's joint check book. Days later, someone started cashing checks on the Bernanke family bank account, the documents show. "It's fair to say he was not pleased," said one close associate of Bernanke, who asked not to be identified discussing what the Fed chairman considers a private matter.

The theft of the Bernanke check book—never publicly revealed until now—soon became part of a wide-ranging (and previously underway) identity-theft investigation by the Secret Service and the U.S. Postal Inspection Service. The probe culminated in recent months with a series of arrests, criminal complaints, and indictments brought by federal prosecutors in Alexandria, Va. The targets: members of a nationwide ring that used an inventive combination of old-fashioned thievery and high-tech fraud to loot the bank accounts of unsuspecting victims.

"Identity theft is a serious crime that affects millions of Americans each year," Bernanke said in a statement provided to NEWSWEEK. "Our family was but one of 500 separate instances traced to one crime ring. I am grateful for the law enforcement officers who patiently and diligently work to solve and prevent these financial crimes."

Identity theft is commonly associated with the heists of consumers' credit-card information and other personal data by cybercriminals. But Bernanke appears to have been swept up in the case only by chance—and through the most ancient of street crimes.

On Aug. 7, 2008, the Fed chairman's wife, Anna Bernanke, was at a Starbucks, not far from the couple's Capitol Hill home, when her purse was snatched off the back of a chair, according to Washington, D.C., court records. Among its contents: her driver's license, Social Security card, four credit cards, and a book of Wachovia bank checks from the couple's joint checking account. Printed on each check were the Bernankes' bank-account number, home address, and telephone number. Anna Bernanke **reported the missing purse that day to the D.C. police.**

But as it turned out, the perpetrator was no ordinary thief: he was working for a sophisticated crime ring that federal agents and the police in several states had been investigating for months. In the Chicago area, where some members were based, the ring went by the street name of "Cannon to the Wiz." (The term "cannon" is slang for pickpocket.)

One of the group's ringleaders, Clyde Austin Gray Jr. of Waldorf, Md., pleaded guilty to conspiracy to commit bank fraud in federal court in Alexandria, Va., just last month. Gray (who was known to members of his ring as Big Head) employed an army of pickpockets, mail thieves, and office workers to swipe checks, credit cards, military IDs, and other personal records, according to his plea agreement and other court records filed in his case.

One member of the ring had infiltrated an office of the Combined Federal Campaign, the official U.S. government-sponsored charity, and supplied the crime ring with stacks of checks mailed in by federal workers, the records show. Another worked in a Washington, D.C., doctor's office, with access to patients' records and their bank-account information.

The group's members also often traveled around the country targeting sporting events, such as this year's NCAA basketball Final Four tournament in Detroit, according to Donna Pendergast, an assistant Michigan attorney general who had her wallet **swiped by a member of the ring after attending one of the games.** Pendergast, who wrote an account of being victimized by the group last April on a blog called **Women in Crime**, told NEWSWEEK that the robber was so adroit he managed to lift the wallet from her purse without her even knowing it. "They took it right out of my purse while it was on my shoulder," she said. "I didn't feel a thing,"

After obtaining drivers' licenses and military IDs, the thieves took bundles of their freshly pilfered loot wrapped in rubber bands to cars parked on the street. Other members of the group waiting in the cars—equipped with laptop computers, scanners, and printers—then quickly reproduced phony new driver's licenses and IDs using the names of the victims, but substituting the victims' photos with those of Cannon to the Wiz members.

There is no evidence that the group reproduced a fraudulent driver's license in Anna Bernanke's name. But one of its members did allegedly put the Bernankes' joint checkbook to illicit use in a complex financial fraud that federal prosecutors described as a "split deposit" transaction.

Six days after the Starbucks snatch of Bernanke's purse, an alleged member of the ring named George Lee Reid walked into a Bank of America branch in suburban Prince George's County and posed as another identity-theft victim, identified in a federal affidavit as "K.N." (The person had reported his wallet stolen a few days earlier, court records show.)

Reid deposited two fraudulent \$900 checks into K.N.'s bank account—one of them from the Wachovia account of "Ben S. Bernanke and Anna Bernanke." Having inflated K.N.'s account with the fraudulent check from the Bernankes, Reid simultaneously cashed two other fraudulent \$4,500 checks that were made out to K.N. from a third victim, according to federal prosecutors. When all was done, he appears to have walked out of the bank with \$9,000. (The Fed chairman had alerted Wachovia after the theft of his wife's purse and suffered no financial loss in the transaction, the Bernanke associate said.)

When federal agents busted the identity-theft ring earlier this summer, Reid was named as a co-conspirator in **a 22-page affidavit signed by a U.S. postal inspector**. But the names of the victims, including Bernanke, were concealed; the complaint referred to the victims only by their initials, referring, for example, to one of Reid's victims as "B.B."

However, a separate criminal complaint against Reid filed last fall in D.C. Superior Court (and overlooked until now) spelled out the full name of the Fed chairman: Ben S. Bernanke.

Reid's lawyer in the D.C. case, where the charges were ultimately dropped, did not return a phone call seeking comment. But a federal law-enforcement official—who asked not to be identified discussing an ongoing case—says there is **now an outstanding arrest warrant** for the man who allegedly scammed the Fed chairman and used his checkbook. "We're looking for him," said the official.

Find this article at <http://www.newsweek.com/id/213696>

© 2009