

Inkjet Counterfeit Scam Lawndale, California



\$7,000,000 Inkjet Counterfeit Scam

Scam from a printer bought at Staples for less than \$150

- Albert E. Talton (44)
- Tony Stroud (41)
- David Goldberg (35)
- Paul McCorry (45)
- Cory Nero (38)
- * Earnest Alexander (40)
wanted by Secret Service



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The ring allegedly made and distributed between \$5 and \$6 million in twenty and hundred fake bills



This ring created the most convincing phony \$20 and \$100 bills in US history

WHO

- Albert Talton
- Criminal history for 10 years- bank fraud
- Educated- UCLA- Electrical Engineering
- 1987 BOSE came out with speakers the size of shoe boxes with lots of BASS
- Talton bought the speakers for \$2500, took them apart and remade them.

When and Where

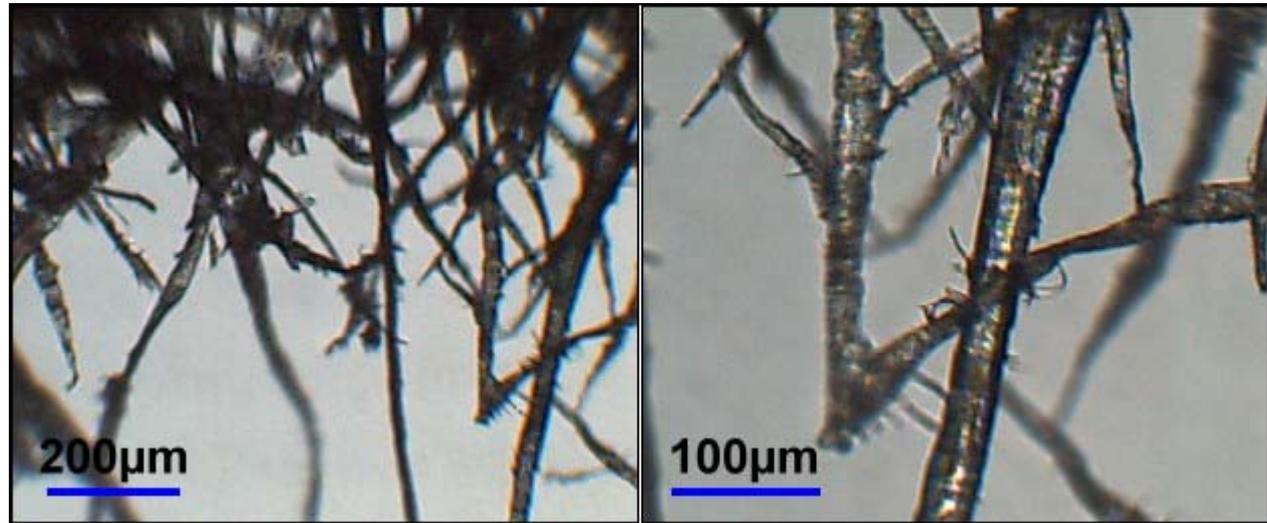
- 2005-2008
- California
- First \$100 counterfeit bill was discovered in January 2005 in LA
- Talton and Co. was busted in May 2008

How Talton figured to use NEWSPRINT

- Newsprint is the material that newspapers, magazines, bibles, dictionaries and toilet paper are made of. It is paper pulp
- Talton knew paper would turn a counterfeit-detection pen brown/black
- He searched for something to BEAT the pen test.
- Discovered toilet paper did not turn brown/black while sitting on the toilet one day
- Also Talton discovered that toilet paper, the pages of Bibles and dictionaries, and newsprint are all made from the same kind of recycled paper pulp, and all take the mark.
- Newsprint is strong and CHEAP

Paper Pulp

- Wood pulp comes from softwood trees such as spruce, pine, fir, larch and hemlock, and hardwoods such as eucalyptus, aspen and birch



Easiest way to produce counterfeit money is to use one piece of paper and copy both sides on a color printer

It is also the easiest way to get busted and makes no sense with today's technology to try and pass this money off as real currency.

TALTON knew this and needed a different plan.

- Talton realized he could solve the problem by using two sheets of tissue-thin newsprint
- He **printed imitation watermarks and security strips on the back of one**, then glued the sheets together with the security features inside
- Next he printed the front and back faces of the bills—five at a time—on either side of the two-ply sheets, which he hung from clotheslines and coated with hair spray, creating a texture similar to that of genuine currency and a barrier that helped the paper take the mark of a counterfeit pen.
- Finally, he cut the notes to size.

Mistake #1

Used the same printer for all \$100 bills

- The alphanumeric codes to the left and right of the portrait of Ben Franklin never changed
- **These are the quadrant number and the face-plate number, which indicate which plate at the Bureau of Engraving and Printing was used to make the bill: Talton's hundred came from plate No. 38, spot H, quadrant No. 2, and was thus marked H2 and H38.**
- **H2-H38 would quickly become the name by which the Secret Service identified a new family of counterfeit notes.**

Trail of Evidence

- \$100 here, \$200 there, always around Los Angeles.
- But in 2006, the bills began to spread across the country in large quantities:
 - in January, \$11,500;
 - in March, \$57,600;
 - in September, \$115,100.
 - In 2005 and 2006, \$1,300,200 in H2-H38 notes were retrieved.
- Secret Service agents questioned anyone caught passing the notes in volume, but they always told the same story: They had no idea that the money was counterfeit; they certainly didn't know where it had come from.
- By early 2007, the stream of notes had become a flood—\$347,700 in March alone.
- Jenkins would later calculate that by the end of 2008, at least \$127,000 in H2-H38 notes had been passed in **Macy's** stores and \$19,000 in **Jack-in-the-Box** franchises.
- But the Secret Service still had no leads.

How did the money get distributed?

- He sold the counterfeit bills in five-figure sums to intermediaries who paid \$12 to \$16 for each \$100 bill.
- The intermediaries then sold the bills to customers at a higher rate.
- The notes went on down the line until ultimately someone spending an H2-H38 \$100 bill in a store might have paid as much as \$50 for it—and had no idea where it had been printed.

What did he buy?

He spent lavishly on high-end home-entertainment equipment and ostentatious cars: \$180,000 Aston Martin V8 Vantage, a \$90,000 Mercedes S550, a \$140,000 Mercedes CL550.



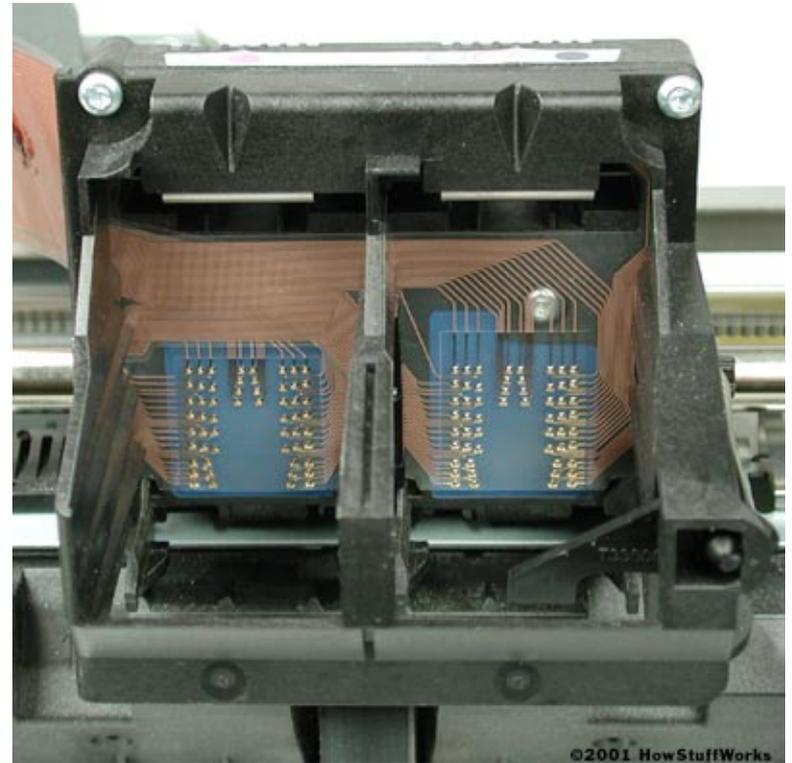
MISTAKE #2

- He turned to three friends for help:
 - David Goldberg, a 35-year-old with a series of minor drug convictions, whom Talton had known for a decade
 - 43-year-old Paul Tracy McCorry, whom he'd known since childhood
 - Troy Stroud, a sometime movie producer with a criminal record stretching back 20 years.
 - Stroud came on as a broker, introducing buyers to Talton. But Stroud also began to sell bills himself, giving them to someone he knew who—no matter how many times ***Stroud told him not to—passed them himself, in stores in Los Angeles***

- In September 2007, Talton received a single order for \$500,000 and began working day and night.
- He dedicated an upstairs room in his new house to a regimented counterfeiting process, with two Hewlett-Packard computers, nine ink-jet and laser-jet printers
- He drove to an out-of-town Staples to get his supply of ink.

Inkjet printer

Use a series of nozzles to spray drops of ink directly on the paper.



Laser printer

Use dry ink (toner), static electricity, and heat to place and bond the ink onto the paper.



MISTAKE #3

- On January 14, 2008, at an H&M store in L.A., a former employee bought \$1,000 worth of clothes with \$100 bills that all bore the H2-H38 mark.
- The following day two women returned with the purchase and asked for a refund.
- Under interrogation, the three suspects not only admitted that they knew the notes were counterfeit but also revealed who they had come from: Troy Stroud, who was put under surveillance.

A large, stylized red H&M logo, consisting of the letters 'H', '&', and 'M' in a bold, cursive font.

- Two months later, Stroud was hawking Talton's latest product: a counterfeit twenty.
- Because \$20 bills are so easy to pass—few businesses check every one they receive—the investigation assumed a greater sense of urgency. Informants wearing wires met with Stroud and bought H2-H38 bills
- They also introduced him to two undercover Secret Service agents.
- The service got everything on tape and put a transponder on Stroud's white Range Rover.

MISTAKE #4

- On April 10, Paul McCorry attended a meeting at which \$2,500 in counterfeit hundreds were sold to another informant on the Secret Service payroll: He arrived in an orange Mercedes coupe bearing a license plate that read MCCORRY.
- On April 15, three agents tailed Stroud to a Popeyes in Inglewood.
- While Stroud waited in the drive-thru line, Special Agent Matthew Mayo entered the restaurant and watched him pay for his meal with a \$20 bill. It was a **counterfeit**.

- On April 23, agents followed Stroud to the house in Lawndale.
- The following day, they searched the trash outside, turning up fragments of counterfeit bills, printer cartridges, and a name: **Albert Talton.**

Caught Red-Handed

- Early on the morning of May 8, Stroud was arrested. Talton's house in Lawndale was raided later that day.
- The Secret Service entered using a battering ram and shotguns.
- They found Goldberg at work in the kitchen; McCorry was in the bathroom; Talton was upstairs.
- On a computer screen was the image of a \$100 bill.
- The agents found \$162,000 in finished notes, and almost \$1.4 million in partially completed bills

Serving how much time?

- Between November 2008 and May 2009, Albert Talton and his three co-conspirators were convicted of **forging or selling counterfeit obligations of the United States (this is not a capital crime)**
- Talton was sentenced to **nine years and two months in prison.**
- The Secret Service put the total of all currency printed by Talton and successfully passed through March 2009 at \$6,798,900—ultimately, both Talton and the authorities acknowledged that the sum was higher. "They agreed to keep it under 7 million,"
- By the time Talton was arrested, his money had been circulated in every state in the nation and in nine foreign countries.
- Of all the phony currency that was confiscated, four examples will be filed in the steel drawers of **the Specimen Vault.**
- The rest will be burned by the Secret Service

Specimen Room

Behind an anonymous-looking door on the fifth floor of the United States Secret Service headquarters, on H Street in Washington, D.C., is a small, windowless room known by the agents who work there as **the Specimen Vault**.

Lining the walls are dozens of filing cabinets filled with narrow steel drawers containing scores of transparent plastic sleeves.

In each sleeve is an individual note of U.S. currency--a single, five, ten, twenty, fifty, or hundred.

Secret Service Job Openings

- http://jobsearch.usajobs.gov/Search.aspx?q=&jbf574=HSAD&jbf522=&salmin=&salmax=&paygrademin=&paygrademax=&FedEmp=Y&tm=&sort=rv&vw=d&ss=0&brd=3876&FedPub=Y&caller=%2Fagency_search.asp&submit1.x=88&submit1.y=15

