

# AL SCHWEITZER INVESTIGATIONS

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Mr. Chairman, members of the committee, it is an honor for me to testify before this committee today.

I have been a Private Investigator / Information Broker / Security Consultant since I was 21 years old. For the better part of almost two decades I was a dominant force in the confidential information underground. I've been described by U.S. prosecutors as "The Godfather of the information industry", alleging that I was the largest and most successful of the confidential information brokers. A conclusion they reached after indicting me on three separate occasions. Many of my successes, as well as my lapses in judgment have been documented in the mainstream media.

Throughout my career I've been involved in the gathering of confidential information of all types; credit information, unlisted telephone numbers, telephone toll records, medical records, tax information, social security information, credit card information as well as other financial information obtained from Banks, Savings & Loans, Credit Unions and Brokerage Houses. If the information exists on paper or in a computer database, it can be obtained. I've provided services to every imaginable industry. My client list includes Airlines, Law Firms, Hospitals, Hotel Chains, Insurance Companies, Banks, Collection Agencies, Media (both mainstream & tabloid), Manufacturers, Casinos, Travel & Entertainment Companies, High Tech Firms, Department Stores, over 1500 private investigators and

information brokers, as well as occasionally providing information directly and sometimes indirectly (through former members of law enforcement & intelligence agencies) to law enforcement agencies on all levels.

My company was doing approximately a million dollars a year at its height in the late eighties. At that time the confidential information industry was dominated by about a half dozen companies, mine having been one of them. Now, there are literally hundreds directly involved in the obtaining of confidential information of all types. In addition, there are thousands if not tens of thousands reselling the confidential information obtained by the first group. The explosion of this industry can be attributed to three primary factors:

1. Most of the confidential information can be obtained in a matter of minutes and for the mere cost of a telephone call. It is extremely profitable.
2. The private investigative and information broker industry have the mind set that as long as they're not selling government information or bribing government employees they're not in violation of any laws.
3. The business community has an insatiable appetite for information. After all, information is what governments, businesses and individuals have sought since the beginning of time.

As this committee's concern is Financial Privacy, I will limit my testimony to my knowledge and experience in that area.

I feel it is important to point out that although some of the methods used to obtain financial information maybe considered "gray" or in some cases outright illegal, the information is typically obtained for use in legitimate applications such as; business intelligence, collections, enforcement of judgments, due diligence, etc. It is also important to

note that although not all information brokers or private investigators are involved in illegal activities it is probably accurate to say that most have ventured into "gray" areas.

Asset investigations are one of the most often requested services of investigators and information brokers. A large portion of the information that contributes to an asset investigation can be obtained from public records, real property, vehicles, aircraft and business ownership and / or affiliation. Banking information at times can also be located within public records but not only is it more time consuming to do so, the information is typically dated. Hence the use of "gray" or illegal methods. This provides more timely and accurate information with little cost or time involved.

The methods used to obtain financial information can be summed up in three ways

1. Public records available to anyone who cares to look.
2. Use of an accomplice within an organization that has custody or access to the information sought.
3. Through the use of pretext, ruse or gag calls as they are referred to in this industry. A "gag" call is simply a telephone call initiated by the investigator / information broker in which either an individual or an organization is called. The investigator / broker purports to be someone other than his true identify, claiming to be the party that the information would normally be released.

For example, if I wanted your bank account information Mr. Chairman, I would first obtain your home telephone number either from public records or if need be directly from the telephone company using another gag. I would then call the billing office of your local telephone company and claim to be you ( At this point I know your name, address, telephone number and more often than not your social security number and date of birth). I would explain to the telephone company representative that although I know I paid my

bill last month, I forgot to record it in my check register. I then ask " Could you please tell me how much it was and when it was due?" The service rep would than tell me the amount paid and when it was due. Next I ask when my next bill is due and how much it is. The service rep would also freely tell me that. Now I change hats. I call you at home and either get you or maybe your wife on the telephone. This time, I'm the service rep at your local telephone company. Mr. / Mrs., this is Mr. Sawyer with Bell Atlantic. I'm calling about your May bill that was due on June 10<sup>th</sup> in the amount of \$ 98.00. We haven't received payment and now your June bill in the amount of \$ 122.00 is also due. If this can't be paid immediately I'll have to disconnect your service. The majority of individuals will immediately become indignant, claiming that they have already paid those bills. Let me get my check book, here it is, I paid you on June 5<sup>th</sup>, \$ 98.00. You did? What check number was that? What bank was that drawn on? The account number please so we can locate it in our billing system. It was probably credited incorrectly to another account, I'm so sorry.

There you have it Mr. Chairman, I now have your bank account information complete with your account number. Now I have two options. First, call the automated line of the bank where by entering your account number and social security number the automated attendant will provide dates and amounts of deposit and checks that have cleared as well as your balance. The second option would be to call a customer service representative and claim to be you, as I now have everything I need to impersonate you.

This method is very direct. Other methods entail calling financial institutions and using one of two approaches, either impersonating the subject or claiming to be an employee of the financial institution working at another branch.

Using your personal information that I had previously obtained I could now call financial institutions within a geographic area where I think that you may have a checking and / or savings account. I would call the customer service center claiming to be you and explain that I just received a letter from the Internal Revenue Service stating that I have failed to disclose accounts located at this institution. Feigning ignorance, I would say the letter named this

bank specifically and add that I have never opened any account with this institution. I would then ask the rep if they could check and see if in fact I do have an account with their institution? I would add little comments like, "maybe my accountant or wife opened an account and used my name and social." If the rep discovers an account, I then quickly say, "Really, am I rich?" That usually illicit a laugh and helps to disarm the customer service representative. Remember, a gag call is based on staying close to the normal workings of a real life scenario and using a bit of misdirection. Much like the "patter" a magician uses. Once an account has been found, questions like, Who opened it? When? What's the balance? These would be normal questions, even if the representative balked at giving any information other than confirming the existence of an account. I would thank the rep and hang-up. I then call the actual branch of the institution where the account was opened. I claim to be at another branch across town with the customer present. I tell the rep that the customer is at my branch and can't remember their account number and that I can't look it up, as our computers are down. I ask if they would please pull the signature card for me. Once you have a cooperating employee on the line there is nothing you can't ask.

Most gags are just as simple as I've described, but can in fact be as complex as requiring several telephone calls, using the names of employees as well as exploiting the hierarchy or the target institution. Although the examples I've provided seem simplistic, almost all gags for financial information are variations on the above themes. The use of gags can be summed up in four steps.

1. Identify the piece of information you're after.
2. Identify whom or what institution is the custodian of that information sought.
3. Based on real world situations or actual operational procedures of the target institution, figure out under what circumstances and to whom the desired information would be released.
4. Be that person under those circumstances.

Mr. Chairman I have read the proposed legislation and I believe that, although it represents a step in the right direction in regards to protecting the financial privacy of individuals adding language that places minimal requirements on the financial institutions themselves to implement safeguards will greatly enhance the effectiveness of this legislation. As it is currently written, this will be no more effective at deterring the activities of the information broker industry than are the existing statutes that could be used to prosecute these types of activities. Without the addition of requirements being placed on the institutions themselves, it is my belief and experience that the information broker industry will react in a predictable manner. A small percentage will quit providing those services which they interpret as violations of this legislation and the remainder will simply raise their prices to reflect the increased risk.

Basic requirements place on the custodians of the financial information would multiple the effectiveness of this legislation ten fold. Realizing that the banking community may object to any requirement along these lines no matter how minimal, arguing that it places a burden and additional costs on their operations. I can assure the banking industry that the same technology and procedures implemented to prevent the dissemination of privileged financial information would also be extremely effective at combating fraud. More specifically identity theft crimes. The perpetrators of identity theft crimes use very similar techniques to gather information. I firmly believe and could demonstrate that by implementing some safeguards not only would the banking community realize a cost benefit by defeating some types of fraud, they would be taking a huge step in stopping the flow of confidential customer information. This would be more valuable than any amount amount of legislation directed towards the information broker industry. As long as someone is willing to pay for the information there will always be someone willing to obtain it.