CHAPTER 1

Phantom Figurines

JOHN OUELLET

She was a widow with three grown sons. Her late husband left her with a tidy inheritance that would have been sufficient for most women, but not for Eleanor Wallace; she was far too motivated and independent. At a mere 63 years old, she wanted more from life than idle contentment.

He was unhappily married and living on the western side of Michigan, some 200 miles from Eleanor. Like Eleanor, Roland Granger was not one to let life pass by without noticing him. He was two years younger than her, with a head for business and an eye for women.

Eleanor was refined; Roland was brash. She was tall and slender; he was compact with a burgeoning belly. She took great pride in her appearance and kept her hair smartly colored and coiffed. He was gray, balding and often disheveled. She chose her clothing carefully, for appearance and fit, while he kept the appearance of a weekend golfer in mid-July on the 18th green. In a bit of a character turnabout, it was Eleanor who preferred the informal ''Ellie.'' He insisted on ''Roland'' for its formality, because most nicknames lacked respectability, and others he thought were just plain silly.

They met at an antique show. He was a seasoned pro, having been in the business with his wife for several years, and Ellie was still green. She used the money left to her by her late husband to start up her own business. Her sons warned her against such a venture. After all, she was getting on in years and had no experience — better to hand it over to an investor and live on the dividends. But Ellie had more trust in her own instincts than those of a stranger.

Ellie Wallace's business was really more of a consignment shop. She took in trinkets and gadgets, knickknacks and doodads. Those items she liberally called *antiques* had no place among Roland Granger's genuine artifacts.

Roland was smooth. His glib ways made it easy for him to sell and for folks to buy. He knew his merchandise and priced it right. Anyone near his booth was a buyer — or so he reasoned. They just didn't know it until they heard his pitch. But he wasn't condescending. He didn't argue, tussle or mortify. Most of those who waved him off often returned later for small talk and perhaps a purchase or two.

Ellie was impressed. She was a more striking figure than Roland, but she was stiff and uncomfortable in the role of salesperson. She had little confidence in her business acumen and none in her products. During a respite in his day, Roland challenged himself: ''See that piece you've got?'' he asked Ellie, pointing to a costume brooch. ''I'll sell it for a glass of wine with you after the show.'' He took it back to his booth and returned an hour later with $45.

A House Divided

It was a sordid affair that blossomed into a model business arrangement. Roland left western Michigan, and his wife of seven years, and moved into Ellie's modest ranch home in a town 35 miles north of Detroit. They married within a month. Ellie Wallace thrilled at changing her name to Ellie Granger.

If Ellie's sons were nervous about her delving into the business world, they were downright horrified by this new addition to an already turbulent time in their mother's life. Their horror quickly turned to fury. Her three sons were small businessmen, and each had been taken advantage of one way or another — burned by partners, ripped off by employees, manipulated by lenders or cheated by suppliers. If there was a fraud one of the three hadn't fallen victim to, they had at least of heard of it. They had very strong suspicions about Roland Granger.

And yet they had no proof. They had no criminal history on this character, no references and no background checks. Jeff, the youngest, suggested — with tongue in cheek — hiring a private investigator. The other two thought hard about it but declined. How could they? How insulting would that be? Still, this Roland Granger was an unknown. He had come into their mother's life from nowhere. And why? For selling a brooch? He had left behind a wife and a business. How long before he did the same to their mother?

The boys downplayed their concerns, choosing to be tactful. However, hints — though unheeded — were not unheard. ''Roland's right,'' she barked at them one night during a family dinner, ''you're all just afraid of losing your inheritance!''

And with those words, sides were chosen, battle lines drawn.

Internet Auction Figures

When Roland Granger married Ellie Wallace, he took over her sinking consignment operation in the small, quiet town and turned it into an antique boutique called Classic Collections. Ellie opened a scrapbooking shop two doors down. With his background in antiques, Roland restructured Ellie's business. Consignments would be a sideline to get people in the door and, to focus the market more, Roland suggested ceramic figurines as their staple product. But Ellie was skeptical. Not just any figurines, he assured her, high-end figurines, retired figurines — Lladros, Wee Forest Folk and Hummels.

Although sales at Classic Collections's strip mall location were respectable, Roland didn't think they were reaching enough people, so he took the show on the road — where he was more comfortable and successful. He established a new customer base while reviving his old one. He used newsletters and e-mail to keep in contact with them, informing them of new products in his inventory and even serving as a middleman in procuring hard-to-find items.

It was around this time that online auctions began appearing on the Internet. Roland saw the advantages immediately. He had a core of buyers who were, for the most part, well-off but ornery collectors. Complaints about his business were few and revolved around his prices. To keep the small niche market coming back, he begrudgingly sold below his asking price at times. On the auction sites, he could let the system take the haggling out of the equation.

Once again, Ellie was skeptical. She was just getting comfortable with the standard business model. But she eventually concurred, not that her concurrence was requested. She was very hands-off with the business, except for filling in on occasions when Roland was away. Sales were brisk and profits considerable — better than she could have done — something she never hesitated to let her sons know. Her intermittent stand-ins at the shop ended when Roland hired two young employees.

Vanishing Act

At the time, I was a special agent working in a Detroit FBI resident agency office, which focused primarily on child pornography, child enticement and related interstate matters. As the only dedicated computer crimes unit in the area, we were the repository for computer frauds, as well. We began receiving complaints from the Internet Fraud Complaint Center (IFCC), a clearinghouse operated by the FBI.

Ironically (and seemingly counter-intuitively), the IFCC will forward complaints to the local, county and state agencies with jurisdiction, but not to the local FBI. Thus, eBay complaints were handed over to me whenever I stopped by the task force office. The eBay complaints I received on Roland Granger focused on Classic Collections after a two-week online auction that sold his rare and expensive ceramic collectibles. The volume of complaints submitted in just over a week and the difficulty of an interstate case like this one, meant the county happily passed along the complaints to me.

One mid-morning, I returned to the FBI office after attending a meeting with the task force, where I was handed another IFCC complaint. When I came in, I walked past a fellow agent who was consoling an irate and visibly shaken, elderly woman and two young men. I cringed upon hearing the names *Roland Granger* and *Classic Collections*, anticipating my first face-to-face meeting with three very ill-tempered victims. The woman, however, wasn't an ordinary victim. She was Eleanor Granger, who, I learned shortly thereafter, was not filing a complaint for the eBay fraud (she had no idea it had even occurred), but about her husband who had vanished with the entire proceeds from their bank account. The young men were two of her sons.

Through a two-way mirror, I listened intently to the interview. At first blush, I was sure Eleanor and her sons were eyebrow deep in a conspiracy; this trip to the FBI was just to establish a line of defense. As I heard Eleanor explain it, she and her husband of six years had built up a substantial business and accumulated about $220,000, which was deposited in a joint account at a local bank. Two days ago, her husband vanished during lunch. Concerned that night, she called their best friends, Averill and Linda Burkhart. Averill happened to be the head teller at the bank where the Grangers had their account and had seen Roland just that afternoon around one. Averill told Ellie that over the past few weeks Roland had come into the bank to withdraw large amounts of cash. Roland claimed he was purchasing very expensive pieces for the store. Each time, Averill recommended that Roland obtain a cashier's check for security reasons, but Roland wanted cash.

''How much did he withdraw?'' Ellie demanded.

''All told? 'Bout a quarter of a million.''

''You can't do that!'' Ellie screamed, ''That was my account.''

''And his,'' Averill countered. ''We filled out the CTRs by law. His name is on the signature card. It's a joint account. It was all done legally.''

''What did he say to you this afternoon about where he was going?''

''Nothing. Just said this would be the final payment on the items. Then he withdrew the last sixty grand.''

Mounting Complaints

When they left, I spoke with the agent who took their complaint and explained to her my current involvement with Roland Granger. We agreed that given Ellie Granger's unmistakable rage and the mountain of third-party complaints against Roland Granger, she was probably not a coconspirator. I called Ellie the next day and informed her that I would be handling the case. She was relieved someone was taking her problem seriously, though I didn't immediately tell her the bank was correct in stating the crime was not in Roland withdrawing money from the joint account: I knew that wouldn't go over very well.

And I needed time to wrap my head around the mounting eBay complaints coming from a wagon wheel of directions. There were the IFCC complaints being funneled to the cybercrimes task force. The task force, in turn, gave victims my name and contact information (which I advised them to do), so I was receiving direct calls. I had asked the IFCC to forward the complaints directly to me, which sometimes they did and other times they did not. The state and local agencies were also receiving complaints from the victims and IFCC. I eventually got them, as well.

There was a problem of victims unintentionally filing multiple complaints, due to the time delay and number of agencies involved. For example, John Q. Smith initially reported to the IFCC that he purchased Lladros ''The Happiest Day'' under screen name *HardcoreBuyer* on Monday for \$450. A week later, he reported directly to his local law enforcement agency in New Jersey that on the last day of the auction, he purchased Wee Forest Folk ''Haunted Mouse House'' for \$800 using screen name *BestBuy*. These duplicates were easily overlooked at first glance.

Before this case, I knew of Excel — and had even seen spreadsheets — but I never envisioned using it myself. However, I knew I needed a scorecard to organize all the information. With help from the FBI administrative experts, I set up a spreadsheet that included screen name, real name, item purchased, amount paid, date and time of bid, method of payment, U.S. mail used (yes or no) and the all-inclusive miscellaneous column for printouts of e-mails with Granger, letters, certified mail receipts and canceled checks.

This spreadsheet proved invaluable. Not only did it keep me and the data organized, but I was able to identify and eliminate double complaints, which cases had the elements necessary for mail or wire fraud and list the evidence I had to support each complaint as interviews were conducted and responses to grand jury subpoenas came in. A secondary benefit came up when the Assistant United States Attorney (AUSA) used my spreadsheet in drafting the eventual criminal complaint and federal pretrial services used it their sentencing and restitution report.

Modeling a Case

Up to this point, I hadn't approached an AUSA for a prosecutorial opinion. I knew I had a fraud based on the sheer volume of complaints, but I had no concept of how it was committed, and I wouldn't go to an AUSA without solid preliminaries. I also needed an approximate dollar loss. There is usually a threshold amount that the U.S. Attorney's office sets on financial crimes; if a case doesn't meet the threshold, an AUSA won't take it. It varies by district, type of financial crime and extent of the crime problem. It is never a hard and fast rule, and I recommend taking a strong stance if a case is declined because the loss is below the threshold. I've never met an AUSA who isn't swayed by a passionate and driven investigator. If a case is declined by the federal government, then it must be prosecuted locally or not at all.

While doing data entry, I needed to unravel the scheme to defraud, if there was one, and determine if it fit the elements of mail fraud or wire fraud. These were the two federal statutes I knew the government would pursue, because bank fraud was not applicable and because mail and wire fraud laws are extremely broad; they are the workhorses of federal white-collar crime prosecutions.

Bid Winner

At that point I had more than 40 victims. My spreadsheet was populated with information from filed complaints, but I needed someone to fill me in. Ellie was not going to be helpful. She was just learning the extent of the fraud from the irate victims who began calling her at Classic Collections when she took over operations. Plus, she was miffed at the FBI for not looking into the money Roland withdrew from the bank account. My decision on who to interview first was logical — I picked the person who lost the most money.

Joy Minot of Eugene, Oregon, lost $23,718 on nine Wee Forest Folk figurines, and she was eager to fill me in. She had been a serious collector for more than seven years and was considered one of the foremost experts in the country. About three years before, she heard that Classic Collections had some very rare pieces, which she purchased without a problem. She was so impressed with Roland Granger that she kept in contact with him via e-mail, and even with an occasional phone call for other collectibles. When she made her bids (and won) on the figurines from the estate sale in Phoenix that Granger advertised he had been entrusted to liquidate, she felt no anxiety. And his recommendation that she meet him at a hotel in Phoenix to pick up her high-value figurines was another gesture of his professionalism. But the exchange would have to wait until after the two-week eBay auction was complete, which, of course, she understood.

When the meeting came, he didn't show up at the hotel. When Joy requested that the front desk call his room, they told her they had no reservations for Roland Granger currently, in the past or in the foreseeable future. Her heart sank when the horrific realization started to set in. Her anger at herself was soon replaced by her fury at Roland Granger, and I learned through dozens of similar statements that victims of fraud can have more rage than victims of violent assault. That is because fraud is the only crime requiring voluntary victim assistance; these people felt like fools.

Joy returned home and set up a Web site dedicated to Roland Granger's auction misdeeds. I already had most of the victims' names, but Joy's Web site supplied me with background on the scheme. It was a feast that led to another challenge. Although the victims were eager to talk to me, it was difficult to keep them on track, and, because 99 percent of the interviews were over the phone, I spent a lot of time listening rather than interviewing. At first I saw this as a sound approach because the victims all seemed to want to vent. And it would have been a good rapport-building technique were it not for the volume of interviews I had to conduct. Immediately after interviewing Joy Minot, I felt I had enough information to contact an AUSA. He wasn't as enthusiastic as I had anticipated. His response was, ''Maybe Granger couldn't get down to Phoenix or maybe he just forgot.''

''But I have dozens of complaints,'' I argued.

''It's been what, less than three weeks since the auction? So he's late getting the orders out. What's his story?''

''He's got none,'' I said. ''He emptied out his bank account and fled.''

At least that got his attention. The AUSA's comments weren't from a lack of interest; he was acting out the prosecution in his mind and playing devil's advocate. There is a fine line between a fraud and a breach of contract, which would have been a civil matter, not a criminal one. I understood his point — a catalog of complaints on a spreadsheet wasn't going to be enough. I had to prove the Phoenix estate auction was a part of Granger's scheme to defraud, or I had to at least make a strong case for that possibility.

Proving a Negative

I had arrived at the classic impasse of proving a negative. The best approach was to conduct due diligence. According to my victims, Roland Granger's inventory of figurines available for the auction was worth hundreds of thousands of dollars. I was sure that such an estate auction would be newsworthy for someone, somewhere. So while I wrestled with corralling my victims, I queried the Internet, Phoenix newspapers, obituaries, trade magazines and even called a special agent with this expertise to do some digging.

While doing the homework, I developed a line of questioning for my interviews that stuck to the facts. It was a violation of Interviewing 101 to prepare questions in advance and not a strategy I had ever employed, but it was necessary. I found it good practice to keep this list of questions at the ready because Joy had put my name and number on her Web site, and I was fielding an influx of calls. The questions included the basics from my spreadsheet for confirmation, a brief synopsis of the sale, e-mails or letters exchanged and the method of payment.

The victims flooded me with faxes of eBay bids, payment statements and e-mails from Granger announcing that the victims were high bidders and would receive the figurine(s) shortly via FedEx. (Use of FedEx nullified the mail fraud statute, unless a U.S. mail letter preceded or followed.)

For my presentation to the AUSA, I adopted the military strategy of ''shock and awe.'' My spreadsheet was like the sci-fi thriller, *The Blob* — expanding daily — but I wanted to present the AUSA with overwhelming evidence, not overwhelming data. I interviewed more than 20 of the victims on numerous occasions. Due to time constraints, I stuck to those who purchased multiple figurines or lost large amounts of money. The victims came from 14 states, England and Australia.

But copies and faxes weren't going to cut it. I had no doubt some folks who had heard of the fraud were going to jump in and claim to be victims. I needed grand jury subpoenas for canceled bank checks, credit card statements, wire transfers, cashier's checks, money orders, PayPal and Billpoint. I even subpoenaed the airline for Joy Minot's ticket to Phoenix and the Phoenix hotel's guest register for the week in question, both to verify Joy's story and to attack a potential defense by Granger.

As if Roland Granger's gall wasn't enough, I found two more appalling aspects to this fraud: More than a few times he sold the same figurine to the highest bidder, the second highest bidder and the third highest. While employing delaying tactics on victims like Joy, he was contacting other bidders and telling them the winner had reneged. To pad his nest, he then called a third bidder and repeated the claim. Granger's second big mistake was to invite three victims to that fictitious rendezvous in Phoenix.

Interviews follow general rules, but often they are dictated by the investigator's assumptions about who will be most cooperative and have the most information to offer. I knew Granger had two employees who, according to Ellie, were very active in the operation of Classic Collections. The question was, how loyal were they to Granger? Not very, I was happy to learn.

The Witnesses

Mark Mollencamp was 23 years old and worked on Internet sales for Granger. As fate would have it, he was under investigation by Immigration and Customs Enforcement (ICE) for trading child pornography. ICE had called my office a few weeks earlier to ask if we had information on him. I was glad to have the leverage, and used it freely during my interview with him. Mollencamp's statement brought the scam together nicely. Roland Granger, it seemed, was a serious online gambler. He talked openly to Mollencamp about hoping one day to play in big poker tournaments. Granger's sales before the two-week eBay auction were legitimate, and one day shortly after Christmas, Granger told Mollencamp of the big estate sale in Phoenix. He handed Mollencamp catalogs and circled the figurines to be listed on eBay for the auction. Mollencamp didn't see the actual figurines and didn't think Granger had traveled to Phoenix before his disappearance. Mollencamp also verified the double and triple sellings.

Granger's second employee verified Mollencamp's information in a separate interview. Both employees were promised a $4,000 bonus at the conclusion of the auction, but neither was paid. They last saw Granger heading out to lunch the day he disappeared.

I had enough at this point to shock and awe the most cautious AUSA. Computer forensics was becoming a hot-button topic at the time, so I finished up the case by seizing and examining the five networked computers at Classic Collections. The forensic examiners discovered incriminating e-mail and evidence to corroborate the motive Mollencamp suggested: thousands of online poker downloads.

Restitution and Bankruptcy

Granger was indicted by a federal grand jury in the Eastern district of Michigan on mail fraud and wire fraud charges, but he was a fugitive for more than three and a half years, until he was arrested outside Los Angeles, California. He pleaded guilty to single counts of mail and wire fraud and received the following sentence: restitution to 85 eBay bidders in the amount of $144,688.31 (my spreadsheet had 112 victims, but some of them had insufficient evidence); restitution to Wells Fargo Bank for charge-backs from Billpoint in the amount of $9,785.39; restitution to eBay in the amount of $27,878.01; and restitution to PayPal in the amount of $140,909.89. Total restitution was $323,261.54, which was conservative, based on the investigation and Granger's own admission. So incensed was the federal judge by Granger's outlandish acts and lack of remorse that he vacated the pretrial service's recommendation of 37 months of confinement and sentenced him to the maximum of six years.

Not accounted for in the sentence were the losses suffered by Ellie Wallace. (She changed her name back before I even had my spreadsheet completed). In filing Chapter Seven, her attorney and accountant estimated her financial losses at $415,800. She was able to satisfy creditors in the amount of $21,400.06, which she scraped together from savings. Unfortunately, the courts, attorneys, pretrial services and accountants could not put a price on Ellie's emotional damages.

Lessons Learned

I learned valuable organizational, technical and personal lessons from this case. I knew the wire fraud and mail fraud statutes but became overwhelmed when victims began discussing second- and third-bidder options, PayPal, Billpoint and other Internet auction jargon. I had never bid on an online auction site, and I needed to ask questions of the victims, eBay and PayPal to plan my investigation. I became shameless in acknowledging my ignorance, and eBay was unsurpassed in their cooperation.

When the numbers became overwhelming, Excel came to my rescue. I know there are many tools available that perform an assortment of data management and analysis, and I'm not advocating any in particular, but Excel does the basic grunt work well. However, keep in mind that it's easy to burden the individuals who read your spreadsheet by including too much information. The next stop after overwhelmed is confused, and then frustrated. Let the spreadsheet be a snapshot, something to provide the gist of the case over a cup of coffee. As TV's legendary Sergeant Joe Friday said, ``Just the facts.''

On the personal level, I found the victims of this fraud were often enraged beyond rational thought. At times, I caught myself treating the matter lightly, and more than one victim chastised me for my insensitivity. So I learned patience and added a new dimension to my empathy.

Had I not been actively involved with learning about cybercrime and working with the task force, I would never have received the case, let alone successfully investigated it. For cybercrime, identity fraud, child pornography and the like, task forces are the most effective tool law enforcement has to encourage sharing and learning — and if we are not doing that, we aren't doing justice to the justice system.

Recommendations to Prevent Future Occurrences

Roland Granger was able to defraud a very savvy, highly intelligent, well-organized group of serious collectors. They knew his track record when it came to eBay auctions, and it was a very good one. And to this day, the question is, was his six years of honest auctions a prelude to this one big score? His victims say it was; Granger isn't talking; and I'm not sure. But there are a few imperatives and suggestions that bear mentioning for both the casual and practiced bidder:

1. *Know the site.* There are dozens of online auction sites, including Ubid, Bidz, ePier and eBay. Each Web site has a degree of security to reassure customers. Learn the security measures, especially the ones that deal with seller rules of behavior, and how payments are made.
2. *Know your seller.* Granger had six years of on-the-up sales. To have him come up with an estate sale from Phoenix raised no suspicions. And his prices were not greedy. It's hard to catch a thief who is patient and judicious. But as the adage goes, ''just because you're paranoid doesn't mean they're not trying to get you.'' If you've checked out the seller the best you can, check out his product, too.
3. *Know your product.* Though you can't inspect it online to view the condition or confirm its existence, you need to know legitimate price ranges.
4. *Network.* I found the collectors in this case had a vast and widespread network that ran efficiently and effectively when instituted. Unfortunately, it was activated too late, in this instance, because no one wanted other bidders to get a leg up at auction. The Collectors Information Bureau is an excellent resource and it publishes a trade magazine with a circulation of more than 7,000 collectors and retailers. A quick note to the Bureau from a ''paranoid'' collector to inquire about Granger's sale could have sent the hounds out.
5. *Keep all transactions, including e-mail, bid submissions, payment receipts and all mailed envelopes.* For banks, this is standard operating procedure, and I advise it for anyone who trades online; they will be needed to prove mail fraud.

On the law enforcement side:

1. Unless you are an online auction expert, don't try to come off as one. Ask a lot of questions from anyone you can. Even the stupid ones.
2. Local police departments may not have the expertise to investigate online auction Web sites, but county, state and federal agencies usually do. However, no one knows the Web site like the Web site administrators. Reach out to them before, during and even after the investigation to stay on top of things. The software and controls are changing even as you read this.

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3. If you're going out to the subject's place of business, be aware of computer search and seizure laws and techniques. Most of the bigger frauds will involve networks, so have a network expert standing by as well.
4. Local police departments should develop fraud awareness Web sites, forums and community outreach programs to educate their citizens, especially the elderly.
5. Contact as many victims as you can and determine if the group of victims (collectors in this case) has a national or local association. These are amazingly efficient sources of information.
6. Prosecutors know the law, but don't rely on them to know how the crime was committed. Provide them with evidence — testimonial, circumstantial and direct — in the most organized form possible. Get as many of the original documents as you can and develop a filing system. Judges and juries may be even less savvy and more apt to be overwhelmed by the technical jargon in an Internet fraud case. Remember, it's just a fraud. The Internet is only a vehicle, so don't let it bog down the case.

While Granger was a fugitive, I contacted a high-profile television program that features at-large fugitives to ask if they would be interested in airing the story. The screener I spoke with was enthusiastic and said it was a crime many people could relate to. It had added commercial appeal because Granger had a nasty past that included three marriages (Ellie only knew of the second one), theft of valuable antiques from his first wife and money from his second and a stint in prison that included attempted murder of one of his guards. However, the producer called me back and declined to air it. ''People who buy things online from strangers deserve what they get,'' he said, and nothing I said could sway him.

Sympathy for victims of Internet fraud runs that gamut. The judge in Granger's case gave him the maximum sentence; the television producer thought the victims were fools. It's hard to know who you'll encounter if you become a victim.

About the Author

John Ouellet is currently a supervisory special agent with the FBI in Detroit. His 23-year career has run the gamut from investigative duties to violent crime to counterterrorism, and he has worked on numerous task forces, including identity theft and mortgage fraud. Prior to the FBI, Mr. Oullet was an Army Infantry Officer. He is married with four children.