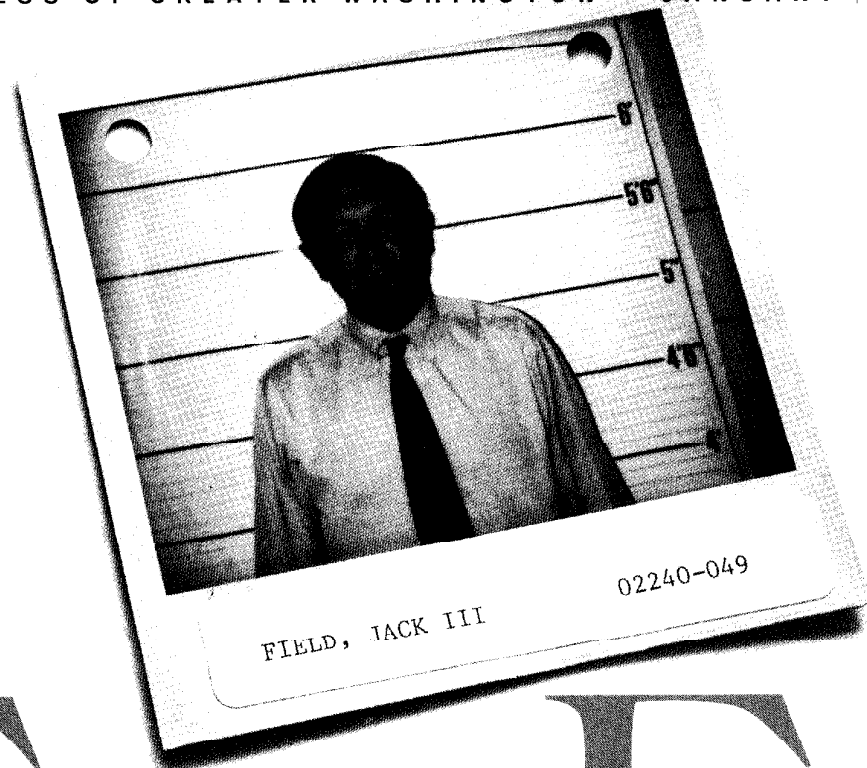


Regardie's Power

THE BUSINESS OF GREATER WASHINGTON ★ JANUARY | FEBRUARY 2001



Free Fall

An ex-U.S. Attorney's Life of Crime

Dial M for Meltdown > The Inside Story of NET-tel
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COMMERCIAL REAL-ESTATE SPECIAL



Free Fall

The twisted story of a U.S. Attorney who turned to crime *By Patrick J. Kiger*

On a cool, drizzly day in February 1996, John A. Field III, a lawyer from McLean, Virginia, made his way through the crowded main terminal of National Airport, searching for the client whom he'd arranged to meet there—the one who'd flown up from Florida with a briefcase full of cash.

Now in his late fifties, Field was a ruddy-faced six-footer with thinning brown hair. He looked a bit disheveled even in one of the expensive suits that his third wife had picked out for him. Too many hours in courtrooms and too many glasses of wine had caught up with him. If a hint of a swagger remained in his walk, though, it was certainly understandable. There had been a time, a couple of decades before, when Jack Field had been a young hotshot with a seemingly boundless future. In 1972, at the age of

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PHOTOILLUSTRATION BY WILLIAM DUKE

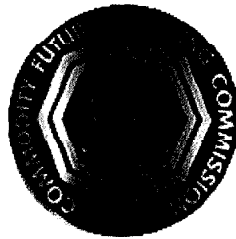
thirty-four, he had been appointed the U.S. Attorney in Charleston, West Virginia, where he made national headlines as a bruising, hard-nosed crusader who'd even gone after a popular governor on corruption charges. By 1977 he was the chief of enforcement of the Commodity Futures Trading Commission, in Washington. In a three-year stint as one of the government's top securities regulators, Field had made a name for himself as the scourge of "boiler room" investment scams; among other things, he put together inter-agency task forces that raided and shut down scores of such operations across the nation.

But now that young, idealistic, zealous Jack Field was gone, vanished, left for dead somewhere in the mist of countless compromises, rationalizations, and regrets. The man in his place found and greeted his briefcase-bearing client, Barry Lichtenthal, who, to hide the fact that he was a convicted felon, went by the name Michael Taylor. Lichtenthal, a.k.a. Taylor, was one of the linchpins in a sprawling criminal enterprise that operated boiler rooms from coast to coast, bilking unwitting investors out of tens of millions of dollars a year. For several years, he'd been running an outpost of that empire—Northeast Telecom, Inc., of Freehold, New Jersey, which peddled partnership shares in a wireless cable-television venture. In the previous year, Lichtenthal had pocketed nearly \$1 million of the take and gone on a spending spree, buying diamonds, luxury cars, and toy trains for his young son—\$300,000 worth. But now, the feds were sniffing around. Lichtenthal told Field that he was scared.

In the old days, Field held press conferences to announce the arrests of con artists like Lichtenthal. But in his new life as a lawyer in private practice, his client list was filled with boiler-room operators and con artists from New Hampshire to Nevada. Field's services weren't cheap; Northeast Telecom, for example, had been paying him \$1,500-a-week retainer for years, building up a huge reservoir to ensure that Field would be able to represent the company's owners even if it were eventually shut down by regulators. Field could rake in such fees because he knew how to thwart the same laws he'd once enforced. Previously, for example, he'd assured Lichtenthal that he "could walk him through raindrops." Now, he spelled out for Lichtenthal not only how he could hide his ill-gotten gains from the government, but also how he could dodge prosecution. Lichtenthal handed Field the briefcase full of cash. Field accepted it.

Suddenly Field found himself surrounded by federal agents. He had walked into a trap.

There was a time when people talked about Jack Field's dazzling promise. He came from an illustrious family in Charleston, West Virginia, whose patriarch, John A. Field, Jr., was appointed to the federal bench in 1959 by President Dwight Eisenhower. The elder Field, who eventually rose to become the senior jurist on the U.S. Court of Appeals for the Fourth Circuit, also was an influential figure in the West Virginia Republican



JOHN A. FIELD III STARTED OUT AS A CRUSADING U.S. ATTORNEY AND CAME TO WASHINGTON IN 1977 TO BE THE FIRST CHIEF OF ENFORCEMENT AT THE COMMODITY FUTURES TRADING COMMISSION, WHERE HE MADE A BIG NAME FOR HIMSELF AS THE SCOURGE OF "BOILER ROOM" INVESTMENT SCAMS. SCENES FROM A FAMILY ALBUM (CLOCKWISE FROM LOWER LEFT): FIELD WITH HIS WIFE, ELLEN, AT A WEDDING IN 1984; WITH HIS CHILDREN, MOLLY AND WILLIE, IN 1990; AND ON THE LINKS AT THE LEGENDARY ROYAL AND ANCIENT GOLF CLUB OF ST. ANDREWS, SCOTLAND, IN 1991.



Party. One of his two sons, William C. Field, served two terms in the West Virginia House of Delegates and later became a prominent lawyer. But it was his namesake, John A. Field III, who was marked early on as having the potential for stardom. Bill Field had gone to West Virginia University, but young Jack followed in his father's footsteps, attending Hampden-Sidney, a small, exclusive private college outside Richmond, Virginia. While there, he scored so high on his law boards that the University of Virginia's prestigious law school accepted him, and he was allowed to enroll there even though he hadn't completed his undergraduate requirements.

After earning his law degree, Field served as a law clerk for U.S. Judge Walter Hoffman and then settled in Virginia Beach. In 1965, at the age of twenty-seven, he brashly offered himself up as the first Republican since Reconstruction to run for the Virginia legislature from the Tidewater region. But the backlash against

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the civil-rights movement hadn't yet shattered the Democratic lock on Southern statehouses, and Field was soundly beaten. That pretty much ended his interest in elective office. "Jack never talked about political aspirations," recalls John Troelstrup, a lawyer who got to know Field in Charleston and later worked for him at the Commodity Futures Trading Commission. "I think he would have liked to become a judge, though, like his father." But Field soon found another avenue for his ambitions. He took a job in the local U.S. Attorney's office in Norfolk. Field had been there for just a few years when, in 1972, he learned that W. Warren Upton, the U.S. Attorney in Charleston, was about to resign. With Richard Nixon in the White House, the scion of one of the few stalwart Republican families in heavily Democratic

ernor, Arch Moore, was the worst. He was one of the most corrupt people ever in this corrupt little state—almost pathological about it, taking bags of money from everybody. And he was a Republican, just like the Fields. But Jack was just wild enough to go out and try to nail Moore and bring him down." In December 1975, Field announced the indictment of Moore on charges that the governor had extorted a \$25,000 bribe from Theodore Price, a financier who wanted a state charter for his savings and loan. The story made the front page of *The New York Times*. To Moore's added embarrassment, he found out about the charges while he was in Washington, visiting President Gerald Ford at the White House. In typically pompous rhetoric, he bitterly denounced Field, accusing him of bringing the charges "to feed his personal

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AS A LAWYER IN PRIVATE PRACTICE, JACK FIELD HAD ASSURED ONE OF HIS CON-ARTIST CLIENTS THAT HE "COULD WALK HIM THROUGH RAINDROPS."

West Virginia seemed to be a logical choice to succeed Upton. Despite his youth and relative lack of experience, Field got the job.

Field soon became a familiar sight in the bars on Capitol Street, where Charleston's lawyers and politicians rubbed elbows after work. "Jack liked to hit the town and have a few drinks," a former colleague, choosing his words delicately, says. "Jack had a fun-loving, comical nature to him," says Jim Haught, the editor of the *Charleston Gazette*, who got to know Field well during his reporting days. "He knew how to have a good time." But Field's hard-partying side may have led some to underestimate him. He staffed his office with other talented young hotshots, such as H. Marshall Jarrett, who eventually went onto to greater fame supervising the prosecutions of Washington Mayor Marion Barry and House Ways and Means Committee Chairman Dan Rostenkowski. "It's a political job, but he wasn't some incompetent political hack," one of his prosecutors recalls. "Jack's really smart. He surrounded himself with good, ethical people, and he let us do our jobs, though he might jump in and help out at the end of a case. He did like publicity."

It didn't take long for Field to get some. In those days, West Virginia was a place where passing a wad of bills to a politician was pretty much business as usual, where one prominent elected official was known for keeping off-the-books campaign funds in ammunition boxes under his bed. In such a milieu, it wasn't hard to find targets, and Field and his staff started by putting the arm on the bribe-payers and forcing them to talk. Before long, Field had amassed enough evidence to get state treasurer John Kelly, a Democrat, to plead guilty to charges that he'd accepted bribes from bankers in exchange for parking state funds in their banks. "Kelly had carried every precinct in the state during the election," Field's former colleague in Charleston says. "It was a big deal to take him down."

But Field was even more ambitious. Haught explains: "The gov-

ambitions," and of mounting "a vicious political vendetta."

But when the case went to trial in the spring of 1976, Field—who personally headed the prosecution—soon was the one in trouble. Because it was hard to find a judge in West Virginia who didn't have some sort of political relationship with Moore, Federal Judge Joseph Young was imported from Baltimore to preside over the trial. To Field's chagrin, Moore wouldn't allow him to introduce most of the evidence he'd intended to use to prove that Moore was corrupt, such as proof that the governor had a large amount of otherwise inexplicable wealth. "Jack would keep rushing up to the bench," Haught recalls. "He'd have these intense showdowns with the judge. The *Gazette* got the court reporter to type up the bench conferences, which turned out to be the hottest part of our coverage." But the jury never got to hear Field's most sensational revelations, such as the \$180,000 to \$200,000 in cash that Moore allegedly had stashed in his desk drawer.

Instead, Field was forced to build his case around the banker, whose testimony against Moore was undoubtedly colored by his plea bargain with prosecutors. The problem was that the state had never actually granted the bank charter that Price sought, so there was no clear cause-and-effect. In his summation, Moore's defense attorney, Stanley Preiser, pounced on that glaring flaw in Field's case, slyly turning the governor's sleazy reputation to his advantage. "The biggest proof that this didn't happen," Preiser told the jury, "is that if that man had really given [Moore] \$25,000 for a bank charter, he'd have got the bank charter." After seven hours of deliberation, the jurors voted to acquit Moore.

Fifteen years later, Arch Moore pleaded guilty to federal charges of extortion, mail fraud, obstruction of justice, and filing false income-tax returns, but the vindication came too late for Field. Even some of his own colleagues thought that he'd blundered by rushing to indict Moore rather than patiently building an airtight

case. ("A desire for publicity sometimes overcomes good judgment," his opponent Preiser concludes, acidly.) Whether or not that hindsight was correct, Field had burned his bridges in West Virginia. It wasn't just that he'd angered fellow Republicans by indicting a popular, if unsavory, GOP governor. His hard-nosed methods hadn't made him any friends.

And it didn't help in genteel, intimate Charleston that he had a tumultuous personal life, with three marriages in the space of his five-year term. "Jack would always have a woman, and an annoyed woman that he left her for," Haught says. "He once griped to me that that he was paying \$1,100 a month in alimony. In those days, that was an awful lick."

The following year, when the incoming Carter Administration asked Field and other Republican U.S. Attorneys to submit their resignations, Field didn't find private law firms in Charleston lining up offers. And so he decided to try his luck in Washington, where he still had some Republican connections.

William Bagley, a holdover appointee from the Ford Administration who headed the Commodity Futures Trading Commission, gave Field a job. Congress had created the CFTC just three years before, in 1974, in part to curb market manipulation that might ultimately lead to, say, excessive hamburger prices at the supermarket. The CFTC also had another mission: to combat the growing numbers of con artists who used the telephone to sell worthless contracts for precious metals, diamonds, or whatever else they could make sound enticing. To critics in Congress and the press, the CFTC was failing dismally at that second mission. Outfits such as the infamous Lloyd Carr & Company, whose top executive, James Carr, actually was an escaped convict named Alan Abrahams, had been ripping off investors willy-nilly. The CFTC desperately needed a tough guy to go after the crooks, and Field seemed to fit the bill.

Indeed, Field helped the beleaguered agency save its reputation. As the CFTC's chief of enforcement, in command of eighty or so lawyers, investigators, and other staffers in offices around the nation, he started playing hardball right away. At one of his early press conferences, he announced the arrest of executives of Lloyd Carr & Company, as well as a crackdown against other firms involved in similar scams. John Troelstrup, whom Field recruited to be his regional counsel in Chicago, recalls his boss as being one of the first securities regulators to employ law-enforcement methods against securities swindlers. "The Securities and Exchange Commission wasn't doing it yet—they had a much more staid method of regulating back then," he says. "We identified fraud and prosecuted it."

Moreover, Field stretched his small agency's limited resources by coordinating investigative efforts with state regulators, federal prosecutors, and whatever other agencies could be brought into the loop. "We staged joint raids in Texas, California, Florida, and elsewhere," Troelstrup says. "The task forces Jack wove together were unprecedented at the time. It attracted a lot of favorable publicity for the commission." In an effort to block speculators from cornering the silver market, Field even tried to breach the

vaunted secrecy of Swiss banks, hitting Banque Populaire Suisse with a federal lawsuit when it declined to reveal the identities of customers for whom it was placing orders for silver.

Despite his track record, however, Field couldn't insulate himself from interagency politics. When the CFTC got some new commissioners in 1980, he was again out of a job. By then, Field and his third wife were settled in Northern Virginia, and he decided to stay in Washington and try his luck in private practice. Plenty of government regulators had done the same, making money off their inside knowledge of the system, advising the people in the industries they'd once scrutinized. But for Field, the trip through the revolving door was the beginning of his downfall.

Those who know Field say that he didn't set out to become a criminal. "He really had a lot of hopeful expectations," Ellen Field, his ex-wife, says. "He really wanted to do great things as a lawyer." Despite his impressive credentials, Field didn't have an

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- Lenders commit a minimum of \$10,000.
- This money is used to finance automobile contracts that are fully insured by major US insurance companies.
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FOR YEARS, FIELD'S SOLID CREDENTIALS AND LEGAL EXPERTISE ENABLED HIM TO OBFUSCATE HIS CLIENTS' CRIMES, AS WELL AS HIS OWN. "HE'D FIND SOME LOOPHOLE," A FEDERAL PROSECUTOR SAYS, "AND DRIVE A TRUCK THROUGH IT." ONE SUCH LOOPHOLE WAS THE "FORWARD DELIVERY" CONTRACT HE HELPED INVENT FOR AMERICAN FINANCIAL ADVISORS, A NEW HAMPSHIRE-BASED BOILER-ROOM OPERATION; IT WAS DESIGNED TO FALL JUST OUTSIDE THE JURISDICTION OF SECURITIES REGULATORS. EVENTUALLY, HOWEVER, THE SCAM LED TO FIELD'S UNDOING.

Gentlemen;

It is with great despair that I am writing to you in regards to above referenced contract and letter. In your letter you make reference to "constraints" imposed by a Federal Agency on your *Forward Delivery Program*. I find it very evasive that you do not detail which agency and to what extent your Forward Delivery Program has been affected. I am sure that most of your other clients in my position feel the same way. I have made numerous attempts to liquidate my metal position in May of 1993, but all were to no avail. I have not received any correspondence from you since that letter which was mailed but, not dated, on May 27, 1993. I hope that you will employ every effort to insure that my equity position in your *Forward Delivery Program* is resolved fairly and promptly. I look forward to your expedient reply.

RS. MR. BRADDO

IF I DO NOT HEAR FROM YOU IN THE NEXT TWO WEEKS, MY NEXT COURSE OF ACTION WILL BE TO CONTACT THE FBI AND FTC CONCERNING THIS MATTER. IT APPEARS THAT YOUR OPERATION IS JUST A SCAM TO DEFRAUD PEOPLE LIKE MYSELF OF THEIR HARD EARNED MONEY!

easy time building a lucrative private practice. Instead of joining a big-name Washington firm, he'd started his own firm. Then he had a falling out with his first partner, and they ultimately parted ways. Field's first securities-industry clients weren't the sorts who wore conservative suits and sought guidance in complying with arcane federal regulations. "When I started meeting them, I saw right away that they weren't our kind of people," Ellen Field remembers. "They didn't hold the same sort of values. They'd boast about their six cars, or their houses, or all the other luxury goods they owned. They were really dreadful people. It was an odd mix with Jack, but he represented them, and had to be around them. And representing them changed the way Jack conducted business."

Field's new clients weren't so much interested in complying with the law as in getting around it. At first, that wasn't too much of an ethical stretch for Field. "Jack became an expert advising people on whether or not their financial products were subject to regulation," Troelstrup says. "He had the experience and expertise to advise clients on how to structure their business so it wouldn't be subject to the rules." In short, Field knew where the loopholes were.

"I've really put a lot of thought into how this could happen, on how a person like Jack could change," Ellen Field says. "Jack had such amazing talent as an attorney, but he was a tiny bit arrogant. Each time you win, I think you just become a bit bolder—'Gosh, we got away with this, let's move the line a little bit.' I think that's how he started creeping into some gray areas, and then, gradually, into areas that were completely wrong. If you're an ambitious, bright person like him, it would become a challenge."

By 1984, Field's name surfaced in a hearing on commodity fraud convened by the Senate Governmental Affairs Committee's Permanent Subcommittee on Investigations; he was mentioned as an attorney for First Federal Monetary Corporation, an alleged

time-shares and too-good-to-be true tax shelters. By the mid-1980s, according to court documents, Dalton had links to a sprawling clandestine industry of boiler rooms that stretched from coast to coast. Dalton, in the parlance of fraud investigators, had graduated to being a "product originator." From his house in Laguna Beach, California, he developed swindles and franchised them to other con artists, who peddled them over the phone from rented office space in Vegas or the Maggot Mile. In the course of his career, Dalton would create dozens of multimillion-dollar frauds.

Field's clever lawyering helped his clients create the appearance that they were running legitimate businesses. He had them hold meetings at which they made a show of voting on business moves. He churned out legal-opinion letters to state regulatory agencies, assuring them that the investment products the boiler rooms sold were outside their jurisdiction. He even advised the con men on how much money they could take from victims without drawing scrutiny from regulatory agencies. "He'd find some loophole," says federal prosecutor Michael Gunnison, "and drive a truck through it."

Over time, however, Field went beyond giving advice to grifters on how to get away with scams. Testifying in a 1992 securities suit, a boiler-room operator let it slip that Field had played a role in devising something called a "forward delivery" contract. In greatly simplified terms, investors thought they were putting down a few thousand dollars as a down payment on the purchase of a quality of gold or another precious metal, with the delivery put off a bit so that they could profit if the value went up. In reality, the deal was a con, because the boiler room simply pocketed the investors' money. The forward-delivery contract had other ingenious advantages. It was designed to fall just outside the jurisdiction of securities regula-

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"WHEN I STARTED MEETING THEM," FIELD'S EX-WIFE SAYS OF THE CLIENTS HE REPRESENTED, "I SAW RIGHT AWAY THAT THEY WEREN'T OUR KIND OF PEOPLE."

commodities boiler room based in a stretch of south Florida that regulators had branded "the maggot mile" because it was home to so many con artists. While Field's law firm dickered with Florida regulators, the company mysteriously moved out of its offices and vanished into the ether. But the scams never really stopped. Field's clients changed names and corporate shells as casually as other people changed clothing.

It was about that time, his ex-wife recalls, that Field made the acquaintance of Marcus K. Dalton, a.k.a. Marcus Keith, who would later pick up the nickname "The Grifter" after the title of a Forbes magazine exposé on him. Dalton, the son of a Reno croupier, was a high-school dropout and convicted thief who had risen up through the ranks of telemarketing swindlers, peddling vacation

tors—or, at the very least, to allow an attorney such as Field to argue the point in enforcement hearings and confuse the issue. And the scheme was so complicated and arcane that most prosecutors would simply throw up their hands in bewilderment without getting to the bottom of the fraud. "Part of Field's talent was keeping things out of the criminal courts," Gunnison says. "He could make something look almost legitimate, so that it stayed on the civil side." There, with his skill for delaying tactics, he could stave off regulators and unhappy investors for months and even years.

Over time, Field—enticed and perhaps emboldened by the outlandish profits his clients were making—tried his hand at being a grifter himself. In the late 1980s, he actually started an invest-

ment firm of his own, First Sierra Commodity Corporation, which occupied a suite in the same building as his law offices on Chain Bridge Road in McLean, Virginia. "He convinced us that it was all legitimate and legal, because he was a former U.S. attorney," says a former broker for the firm, who recalls that Field videotaped sales meetings. "He told us it was just to cover ourselves, but I think he was already preparing a defense." No wonder, because according to the broker, investors' funds mostly went right into the pockets of Field and his crew—"the office got 60 percent, and Field got the other 40 percent. Almost nothing went to the [investment] itself."

The scam worked this way: In the early 1990s, an investor whom we'll call Bruce Campbell got a call from Field's firm at his home in Chicago. The glib telemarketer pushed Campbell to invest some of his savings in what she claimed was a can't-miss opportunity: Brazilian coffee futures. It sounded risky, but Campbell found himself seduced by First Sierra's apparent gloss of respectability. "They sent me a ton of literature, glossy stuff that looked very professional," Campbell recalls. "They even had weather reports from Brazil, all kinds of statistics that showed coffee prices would move in a certain direction. They even offered to send a Federal Express messenger to pick up my check. And I thought these guys must be legit, because they're based in McLean and the principal is an attorney." Several weeks later, when the firm told him he'd lost more than \$20,000 on the supposedly can't-miss deal, it dawned on Campbell that he was being taken. He filed a complaint with the National Futures Association, the industry's self-regulatory group, and when he went to the arbitration hearing, the neophyte investor found himself up against the high-powered securities litigator himself. "Field came in and immediately started schmoozing with the head arbitrator, coaxing out of the guy that his son was a soccer player. 'I'm a soccer dad, too,' Field tells him." Despite Field's efforts to charm, the case didn't go his way; according to the NFA's records, the arbitrator awarded Campbell \$18,000. He never saw a cent of the money; Field simply chose to ignore him. "I got the impression he was the consummate sleazebag," Campbell says. "I mean, they took me for what at the time was a fifth of my net worth." Ultimately, though, Field and his operation pushed things too far. In 1992, the NFA accused Field, First Sierra, and nine of his employees of a long list of violations, including making fraudulent sales pitches and failing to keep adequate records. Field denied the allegations but quickly settled by agreeing to give up the firm's NFA credentials.

By the early 1990s, Field was representing boiler-room operators from coast to coast. "He was basically full-service," says Mark Knops, an Arizona securities regulator. "The product originators would come to him with their scams when they were trying to make them more 'bulletproof'—that was the word they liked—against regulators and the FTC. He'd actually create the front companies and legal documents that they needed to bring it all about. Then, once the scheme went into operation, if they had trouble from investors or regulators, Jack jumped in and did the damage-containment as a litigator. And finally, if things got too hot for someone, it was Jack's job to offer them sanctuary."

UNITED STATES OF AMERICA

v.

JOHN A. FIELD, III

SEALED DOCUMENT

unsealed on 1/9
Cr. No. 98-165-01-JD

PLEA AGREEMENT

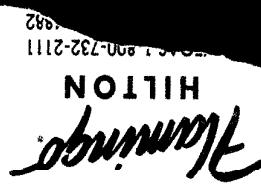
Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, the United States of America, by and through Paul M. Gagnon, United States Attorney for the District of New Hampshire, and John A. Field, III and his attorney Robert J. Fectweis, Esq., enter into the following Plea Agreement:

1. The Plea and Offense

John A. Field, III agrees to plead guilty to a two-count Information, charging him with engaging in a pattern of

IN A LAS VEGAS COURTROOM IN THE FALL OF 1994, FIELD DEFENDED ONE OF HIS BOILER-ROOM CLIENTS AGAINST A LAWSUIT BROUGHT BY THE FEDERAL TRADE COMMISSION. WHEN ONE OF THE FTC'S LAWYERS DEMANDED HIS WITNESS LIST, FIELD PULLED OUT A MATCHBOOK FROM THE FLAMINGO HILTON AND SCRIBBLED SOME NAMES ON IT. "THERE'S YOUR WITNESS LIST," HE TOLD ONE OF THE FTC LAWYERS. LESS THAN TWO YEARS LATER, FIELD'S PLEA AGREEMENT WITH FEDERAL PROSECUTORS LED HIM TO BECOME WHAT THEY CALLED "A MODEL COOPERATOR."

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Jim G
Carey
Sim Robinson
Jeff
Kristin
David Kaufman
Sid Rulich
Rebottel witnesses

Field, who as a regulator had sought to unmask holders of numbered Swiss accounts, now traveled to the Turks and Caicos Islands in the Caribbean to set up shell companies with names like Ebb and Flow, Ltd. (A local taxicab driver who'd picked up one of Field's clients at the island's airport was recruited to serve, at least in name, as the company's president.)

By then, apparently, Field was also helping con artists craft a new scam, built around something even more glitteringly alluring to investors than precious metals: exotic technology. "Wireless" cable television was a new technology of unlimited promise, boiler-room salesmen eagerly explained to potential marks. Shows would be beamed to subscribers via microwave, on unused frequencies that the Federal Communications Commission was in the process of giving away. Applicants had to enter lotteries to win the rights to the frequencies, but, the telemarketers explained, they'd figured a way to beat the system. If they could line up most of the applicants in a

particular area to join forces beforehand in a partnership, the acquisition for the lucrative franchise would be a *fait accompli*. People in rural areas, who couldn't get regular cable, would sign up in droves for the service. For a fee of only \$6,950, American Microtel, Inc., a Vegas-based company created by sometime Dalton associate James Greenbaum, would file an ordinary Joe's application and give him a nearly sure shot at wealth. "Do not let this unique opportunity pass you by," American Microtel's glossy promotional packet advised. "In all likelihood, it won't come again!"

There were a few catches. Although it was a *bona fide* technology, wireless cable was anything but a gold mine; existing systems had only a few hundred thousand subscribers across the nation, and the biggest operator had gone bankrupt in the 1980s. The boiler-room

Field's own boiler room recalls. "You can see how profitable it was." Field created a shell company, Nephilim, Ltd.—named, oddly, after a race of giants mentioned in the Old Testament—in which to shelter American Microtel's ill-gained profits.

As the telemarketing octopus spread its tentacles, state regulators from Alaska to Massachusetts moved to block the scam. Field became a gypsy litigator, jetting back and forth across the country representing con artists. In the world of securities law, Field came as a bit of a shock to his courtroom opponents. "Most securities lawyers tend to be well-dressed, and have a low-key sober demeanor," Knops says. "Jack showed up in a beat-up old sports coat that looked like he got it at Sears. He had a big red nose, the sort that looks like a sign of alcoholism. [Field would later admit in

"HE FLAUNTED HIS GOVERNMENT CREDENTIALS FOR ALL THEY WERE WORTH," A SECURITIES REGULATOR SAYS. "HE WAS A SMOOTH TALKER, A REAL CHARMER."

pitchmen didn't explain to their marks that they were being charged thousands of dollars for applications that cost \$155 to file with the Federal Communications Commission. Nor did they explain that the frequencies the FCC was giving away in each area would allow a wireless cable TV system to have, at most, only four channels. Even if multiple licensees joined forces, the technology could accommodate only thirty-three channels. But that didn't really matter, because the investors weren't going to get the licenses. The con men had designed the applications to fail. They knew the sites they picked were in technical violation of FCC rules, because they were within fifty miles of other already-licensed sites, and that pooling investors' applications for a particular license in advance was barred by the agency as well. When the applications flopped, Dalton and his compadres would simply keep most of the money.

Field and the other con artists came up with a clever Washington spin to help put across the scam. They created a bogus industry group, the U.S. Interactive Microwave Television Association, of which Field became a director. The group's impressive-sounding name obscured the fact that its membership roll consisted largely of boiler rooms peddling the wireless-cable scam. "Basically, the boiler room would send out a package of materials to people they'd called, and use the association as a reference," federal prosecutor Gunnison explains, almost incredulously. "The potential investors would call the association, and a voice at the other end would say, 'American Microtel? Oh, yes, they're a long-time member in good standing, a major player in the industry.'"

By 1992, boiler rooms in seven states—including the one Field ran next door to his law firm—were peddling worthless investments in American Microtel over the telephone. In a single year, court documents would later allege, the scam took investors for \$12 million. "We were selling people the license application deal for \$7,000 or \$8,000 a pop," the broker who worked in

court to having a drinking problem.] He had a swaggering, bar-room brawler style in the courtroom. You'd never have guessed that he came from such a distinguished background."

For all Field's bluster and combative style, his former legal opponents say, he didn't seem bent on winning victories, but rather on stalling the system. "Most of his defense consisted of making objections," Knops recalls. "He didn't have much of a case to put on, because he was reluctant to put some of these fellows on the stand. Instead, he'd focus on trying to win some kind of settlement in order to avert a decision against his clients. He was often successful at that over the years, because a lot of state securities agencies are small and understaffed, and they don't do much litigation. If they had to go up against an adversary of his national stature, they'd be more inclined to accommodate his demands."

"He flaunted his government credentials for all they were worth," says Ann Guay, a Massachusetts securities regulator. "He was a smooth talker, a real charmer." But Field was getting stretched thin, and his trick of bluffing his way through hearings was starting to backfire. "Jack put this one witness on, some lobbyist guy in a thousand-dollar suit, to demonstrate that the cable TV license scheme was actually viable," Guay recalls. "But we'd done a background check on the guy. When it was our turn, we asked him, 'Are you the same so-and-so who did time in prison?' That kind of hurt his credibility a bit."

Then, in the middle of the hearing, Guay recalls, Field got a telephone call. "He took it and then stood up and said, 'I'm sorry, but I have to go back to Washington right now and appear at a hearing,'" she says. "He'd found out that the FTC was shutting down American Microtel. I thought that was funny, because there's no way he should have known about an enforcement action until after it had happened. So I called the FTC, and found out the enforcement action was under seal." When she asked Field about the

source of the information, he explained that every day he checked the hotels in Las Vegas, where American Microtel was located, to see if any government lawyers had checked in. Guay didn't buy that. "I think he had some kind of source inside the FTC who was feeding him tips," she says. "After that, he went out in the hallway and started making all these phone calls. I figure he was moving money around, trying to keep assets away from the government."

For years, Field's solid credentials and legal expertise enabled him to obfuscate his clients' crimes, as well as his own. His undoing turned out to be a con man so sleazy that even Field couldn't cover him up. Norman Brooks was a high-school graduate with a drinking problem and a liking for Jaguars and \$15,000 diamond rings. After managing boiler rooms for other Field clients in California, Brooks headed back home to New Hampshire in the early 1990s to set up his own shop, American Financial Advisors. He pumped up his crews of telemarketers with motivational literature—"I'M WEARING A CHEERFUL COUNTENANCE AT ALL TIMES, AND GIVING EVERY LIVING CREATURE A SMILE!" one Brooks handout read—as they made twelve thousand calls a month, banboozling investors with phony tips that Russia was about to go on the gold standard.

At first, Field was able to conceal Brooks's swindling with fairly brazen evasive tactics. In 1991, when the Commodity Futures Trading Commission, his old agency, wanted to go through the client files of American Financial Advisors, Field argued that such a thorough probe wasn't really necessary. He convinced the CFTC instead to settle for a glimpse at twenty investor files that Brooks picked out at random. Or at least that's what the CFTC gullibly believed. In a fax to Field, Brooks verified that he'd padded the list with people whom regulators would find it difficult or impossible to interview. "The priest is in the hospital undergoing 'clo' therapy and is doped out most of the time," he wrote. "The capt. is a green beret and you can't get a forwarding address or tel. No. for (maybe he got killed in desert storm). The other guy is on a two year assignment in Brussels Belgium for IBM . . ."

When the Federal Trade Commission, which is empowered to protect investors against fraudulent sales pitches, slapped Brooks's boiler room with a cease-and-desist order in 1993, Field even figured out a way to turn the feds' crackdown to his client's advantage. Field wrote to investors, telling them the boiler room couldn't make good on its contracts because of losses it had suffered due to "regulatory restraints." That was one of Field's favorite tricks—deflecting blame onto the government agencies that were trying to stop his clients. "It was part of their plan to be shut down by the government," federal prosecutor Gunnison says. "It was a great way to walk away from people."

But even a legal mind as ingenious as Field's couldn't keep Brooks out of trouble forever. After regulators shut down his commodities scam, his boiler room, AFA, simply switched to another sort of con—one in which the investors were told they were buying shares in a fund that financed car loans. According to court documents, AFA took its marks—many of them elderly people who liquidated insurance policies and cashed in certificates of

deposit to come up with the money—for \$3.6 million. This time, though, the state of South Carolina, where some of Brooks's victims lived, indicted Brooks on criminal—not civil—charges. In April 1994, he pleaded guilty to twenty counts of securities fraud.

A week later, in a federal courtroom in Concord, New Hampshire, attorneys for the SEC complained to a judge that they'd tried to seize the assets of Brooks's company. Except for \$50,000 that Field still held for his client in his attorney's trust account, the rest of Brooks's wealth seemed to have vanished. So had Brooks himself. The only remaining trace was \$850,000 worth of loans that had been sold to a mysterious offshore company, Ebb and Flow, Ltd. The judge asked Field what he knew about it.

"It's my understanding and belief that they're a Turks and Caicos Island company, but that may be incorrect," Field responded, vaguely. "That's just an impression I have." In the back of the courtroom, an assistant U.S. Attorney named Michael Gunnison,



MICHAEL J. GUNNISON (FAR RIGHT), AN ASSISTANT U.S. ATTORNEY IN NEW HAMPSHIRE, WAS THE FIRST TO PURSUE FIELD; HE JOINED FORCES WITH JOHN J. CARNEY AND JAY MCMAHON (FIRST AND SECOND FROM LEFT), TWO ASSISTANT U.S. ATTORNEYS FROM NEW JERSEY. ALSO PICTURED ARE PAUL M. GAGNON, U.S. ATTORNEY FOR NEW HAMPSHIRE; U.S. POSTAL INSPECTOR JACK BARRETT; AND WILLIAM MORSE OF THE SECURITIES AND EXCHANGE COMMISSION. BORROWING FROM ONE OF FIELD'S REAL SCAMS (LEFT), THEY INVENTED A PHONY SCAM FOR A STING OPERATION (RIGHT).

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The FCC Wireless
Cable Television Licensing
Opportunity

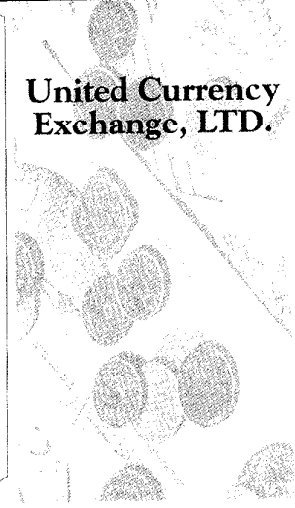


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who'd been exploring possible criminal charges against Brooks, listened. At the time, Gunnison didn't know the truth—that Field himself had chartered Ebb and Flow in 1993, or that he'd laundered Brooks' ill-gotten gains through his own trust account. (That is, except for \$22,400 that Field pocketed to make a payment to one of his ex-wives.) Nor did Gunnison know that the fugitive Brooks at that moment was holed up in a Ramada Hotel on the island, communicating with Field by fax and receiving FedEx packets of financial paperwork from him. But Gunnison did know that something didn't sound right. "Gradually, it sank in," he recalls. "As much as I didn't want to believe it, this guy who'd been a U.S. Attorney was a criminal, too."

It could be that Field figured that he didn't have much to fear from the locals in New Hampshire. But he didn't count crossing paths with someone like Gunnison. The son of a Bronx police officer, Gunnison was no stranger to Washington; in the late 1970s, he'd help pay his way through George Washington University by working as an aide to Senator James Buckley, a Republican from New York, and Representative Bud Shuster, a Republican from Pennsylvania. After a stint in the U.S. Attorney's office in Brooklyn, Gunnison had moved to New Hampshire. While wasn't based in one of the more glamorous federal jurisdictions, Gunnison's specialty was investigating bank frauds and other financial crimes.

Searching for a way to confirm his suspicions about Field, Gunnison suddenly had a brainstorm. He called a contact in the U.S. Customs Service and asked if the agency had anything in its files on foreign trips by Field. He knew that it was a longshot—Customs doesn't keep such data indefinitely—but this time it

ordered him to do so. Now, he used the same sort of tricks to cheese off regulators. FTC attorney Peter Lamberton, for example, recalls going up against Field in the fall of 1994, in a government lawsuit in Las Vegas against one of Field's boiler-room clients.

"During discovery, we were deposing a former salesman for the company," Lamberton recalls. "Field had been sitting there with us, chatting amicably. Then, two or three minutes before we're about to start, his eyes narrow, and he says to the witness, 'Do you know you have the right to have your own attorney present? Are you aware that you don't have to testify about matters in which you might be exposed to criminal liability? Do you know that if you don't wish to go forward . . .'" and so on. Basically, he was trying to scare the witness out of the room, by giving him the flavor that he might become a target. It was very improper, because it borders on giving legal advice to somebody you don't represent. But it almost worked."

When the trial finally started, Field had other tricks up his sleeve. "We'd given him our witness list early in the proceeding," Lamberton says. "We kept asking when we were going to get the list of his witnesses, so we could prepare for cross-examination. He kept saying, 'soon.' This goes on, until we'd finished presenting our case. The judge says, 'Mr. Field, are you ready to go forward?' He says yes, but that he needs a short break. Finally, I followed him out into the hall, and said, 'Jack, you have to give us your witness list now.' So he pulled out a matchbook he'd gotten in a casino the night before, and a pen. He wrote six or seven names on the cover—mostly just first names, and tore off that part and handed it to me. He said, 'There's your witness list.'"

Despite Field's efforts, in early 1995 the FTC won its case against American Microtel, which filed for bankruptcy. Meanwhile, Gunnison and his chief investigators—Jim Haskell, an FBI agent, and Bill Ricker, an inspector with the U.S. Postal

86"
6"
56"
5"
**"GRADUALLY, IT SANK IN," MICHAEL GUNNISON RECALLS.
"AS MUCH AS I DIDN'T WANT TO BELIEVE IT, THIS GUY
WHO'D BEEN A U.S. ATTORNEY WAS A CRIMINAL, TOO."**

paid off. "They had a record of Field coming in on a Learjet from Turks and Caicos, with two other people who were starting to emerge as being connected with the enterprise," he recalls. "And the trip was approximately the same time as the company in Turks and Caicos was being set up."

Gunnison took his information to higher-ups at the Justice Department in Washington and asked for permission to start investigating Field. "When I told them that this guy is not only an attorney but a former U.S. attorney, I figured I might have to sell my case a bit," he says. "But they listened and said, 'Go for it.'"

Meanwhile, the rogue ex-Fed continued to rush from courtroom to courtroom across the nation, battling regulators. In his earlier life as a prosecutor, Field was known for bending the rules as far as they would go—he'd resist turning over information about his case to defense attorneys, for example, until the court

Service—were methodically working the phones, culling bits and pieces of information from securities regulators around the nation. From the National Futures Association, they obtained records of fraud accusations against Field's own boiler room and learned that Field had showed up on the periphery of a federal fraud investigation in San Diego. And the credit-card records from Brooks's company in New Hampshire revealed that Field himself had helped himself to the company's assets, charging airplane tickets to various posh vacation spots. Con artists are notoriously elusive targets, and Gunnison knew that he had to move quickly to nail Field before the opportunity evaporated. To that end, he borrowed a photocopying machine and kept it next to his desk, so that he could churn out the requisite copies of documents for subpoenas and warrants without wasting even a few minutes to walk down the hall.

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FIELD

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Gunnison got a major break when a Justice Department attorney in Washington convinced authorities in Turks and Caicos to arrest Brooks. It only took a short stay in a harsh, island jail—"There was no roof, and they had routine cholera outbreaks," Gunnison explains—for Brooks to decide to waive extradition and return to New Hampshire. In February 1995, he pleaded guilty to racketeering, conspiracy to commit securities fraud, and other charges. Brooks agreed to waive attorney-client confidentiality, and allow the feds to use damning correspondence that he'd exchanged with Field.

In early 1996, Gunnison's team got another break. In New Jersey, a boiler-room operator named Barry Lichtenthal, unnerved by the scrutiny of local postal inspectors and the FBI, decided to try saving his own skin. "Field had received a target letter from us, which meant that he'd had to tell his clients he was the subject of an investigation," Gunnison says. "So the subject [Lichtenthal] tells the agents, 'I can give you Field.'" New Jersey-based federal prosecutors John J. Carney and James McMahon took their find to Gunnison, and joined forces with him. At the feds' behest, Lichtenthal began taping phone calls and wearing a wire to meetings with Field in New Jersey and Florida. Soon afterward, in late February 1996, Lichtenthal lured Field into the fateful ambush at National Airport.

Field went home to Virginia that night, where he dutifully attended a concert at his children's school. He didn't let on to anyone, even his then-wife, that he'd been confronted by federal agents, who offered the chance to possibly reduce his prison time by cooperating with the government. It must have been a strange feeling for Field, who years before had been on the other side of the table, pressing defendants to testify against bigger fish. Perhaps that's why Field quickly realized that he had to go along. "I think he was kind of worn down by that point," Gunnison says. "He'd been living for two years under

investigation in New Hampshire, but now this New Jersey thing caught him by surprise. He knew he'd have to fight on two fronts and that the evidence against him was pretty good and getting better. He wanted to put an end to it."

Within twenty-four hours, he'd quietly become what the feds, in court documents, called "a model cooperator." He quit drinking and entered an alcoholism treatment program. Over the next two years, he'd spend countless nights and weekends in clandestine sessions in hotel rooms, being questioned by federal agents and prosecutors about the sprawling empire of swindlers for whom he'd served as house counsel. Field taught the feds the inner workings of the boiler-room industry, such as the enormous commissions that telemarketing salesmen collected, and how they were concealed in the fine print of contracts. "He was very cooperative," recalls FTC attorney Lamberton, who participated in some of Field's debriefings. "He did what he was asked to do. He knew the drill."

Field's greatest value, however, was as an undercover operative. It's notoriously difficult to build cases against swindlers, but now, the feds had a source that could catch them in the act. Starting in late 1996, Field began making telephone calls (surreptitiously tape-recorded) to various con men all over the nation and wearing a wire to meetings—some three hundred recordings in all, according to court documents. "We'd been skeptical about how effective he would be, since everyone knew he'd received a target letter," Gunnison says. "But Field was able to convince them that the federal investigation had turned out to be a bunch of baloney, that he'd beat it and was back in business." Before long, he was helping the feds build cases against the likes of Mark Prager, a West Coast underling of Dalton's who'd convinced investors to sink \$5 million into a fake TV network that supposedly was going to provide nonviolent children's TV programming. "For a couple of years, no one knew this guy was working for us," a government attorney involved with the case says. "It's pretty unusual to be able to keep someone out

there that long." According to court documents, Field's undercover work ultimately resulted in more than a dozen guilty pleas.

"He didn't tell me anything about it at the time, but later I found out that Jack was pretty much in fear of his life," Ellen Field says. "He'd go talk to these people with a wire on, even though they sometimes patted him down. In the event he was discovered, he wasn't protected in any way. There were any number of circumstances where they could have done harm to him. I have to say that me made me enormously proud of him, that he was brave enough to do what he had to do."

At the feds' behest, Field worked his way back into his old relationship with a suspect they'd been dying to get for years—the seemingly untouchable Marcus Dalton. By recording phone calls and wearing a wire to meetings at Dalton's home in Laguna Beach, Field gradually amassed evidence that detailed Dalton's wide-ranging schemes.

In the spring of 1998, Dalton asked Field to travel with him to American Samoa, where Dalton's family had a hideaway. There, Dalton laid out for Field his ambition to start a major offshore money-laundering operation. He didn't know that Field was wired, and that federal agents were watching from a discreet distance. Subsequently, they confronted Dalton with the evidence that Field had helped amass against him. "The Grifter" now found himself with little choice but to become an undercover operative as well.

The feds told Field and Dalton that they were going to pull off one more big nationwide scam. This time, though, the targets weren't going to be elderly retirees or inexperienced investors. In the summer of 1998, Dalton began calling boiler-room operators all over the country to tout a lucrative new "product," the UNEX 2100 Fund, from United Currency Exchange, Ltd. The fund, the cover story went, was managed by an investment guru named Thomas A. Prichard, who had a phenomenal track record trading in yen, francs, and deutschemarks. Prichard didn't actually exist, but that was a minor detail. Field had spent weeks designing the structure of the phony company and authoring

its glossy promotional literature, which boasted about "how \$10,000 grew to \$30,000 in just 26 months with the UNEX trading strategy."

As an added benefit, the swindle came complete with a list of likely marks. Dalton told the boiler rooms he and Field had a source inside the government who'd leaked him the names of retirees who'd recently cashed in T-bill investments and were flush with money from which they could be separated. Sure enough, when the boiler-room telemarketers called the names on the list in early December 1998, they were greeted by retirees' voices.

"What the boiler rooms didn't realize was that they were retired federal agents—FBI agents, Secret Service, postal inspectors, and so on," Gunnison says. With the fraudulent sales pitches on tape, several days later federal agents raided boiler rooms across the nation. So far, according to court documents, Field's cooperation in "Operation Busy Signal" and other investigations has led to more than a dozen guilty pleas from con artists. "There was a certain irony to it," Knops, the Arizona securities regulator, says. "This whole system was created with the help of Field, and then he turned around and became the architect of its destruction."

By then, Field had shut down his law practice and moved to Hampstead, North Carolina, where he found a job managing a golf course. He lived in a small apartment over the office and drove a humble Chevy van. "After he came down here, he lost a lot of weight—went from over 200 probably to about 165," a member of the golf club recalls. "Nerves. He really looked like a guy who is under stress." Field's efforts to keep a low profile were for naught, as his golf course patrons noticed newspaper stories about his court cases on the Internet.

After pleading guilty to racketeering, money laundering, and conspiracy charges in federal courtrooms in New Hampshire and New Jersey, Field was scheduled to begin a two-year prison sentence in January 2001. His cooperation earned him what some might complain is a light sentence for a man who, according to prosecutors' estimates, personally was involved in scams

that defrauded investors of at least \$16 million. Not to mention a man who turned against the system he was sworn to uphold. "While the harm caused by Field's crimes can never be completely washed away," federal prosecutors told the court, "the assistance he provided in prosecuting to just one individual, but an entire corrupt industry, should be balanced against that harm." Still, to prosecutor Michael Gunnison, it's a bittersweet victory. Though Field's cooperation may prevent untold numbers of people from being swindled, he admits, "It's the hardest thing in the world, telling the victims who were swindled over the years that they're not going to get their money back."

Why did Jack Field, the crusading U.S. attorney and corruption-busting regulator, go bad? The only man who might know for sure won't say; when contacted by telephone in North Carolina, Field told *Regardie's POWER* that he had "no comment" about his case. "The defendant is keenly aware of the staggering extent of his fall," Field's attorney, who also declined to be interviewed, wrote in a letter to the court. Those who knew him are left to speculate that, perhaps, for someone with an agile intellect and fierce competitive urge, crime was simply too alluring a challenge.

"There were two sides to Jack," a former U.S. Attorney's office staffer and longtime friend recalls. "As a prosecutor, he had a righteous side, a sense of right and wrong. But there was another side of him that liked excitement, taking chances. I remember that besides golf, he had another hobby, scuba diving. One time, I was talking to him after he'd left the government. He'd just gotten back from a vacation to the Cayman Islands. He told me about diving in the ocean at night, going down and exploring caves in the darkness. He was almost giddy about it. He's the personality type who is energized by risks. As a government attorney, you can satisfy that urge by making a difficult case against someone. But if you're on the private side, you have to get it somewhere else. Maybe it's by going right up to the line, as close as you can, and getting away with it." Unfortunately, once Jack Field became submerged in those dark depths, there was no way to get back to the surface. ♦



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