

Fraud Inc.

As Identity Theft Moves Online, Crime Rings Mimic Big Business

Russian-Led Carderplanet
Steals Account Numbers;
Mr. Havard Hits ATMs
‘Common Punk’ to ‘Capo’

By CASSELL BRYAN-LOW

At 19 years old, Douglas Cade Havard was honing counterfeiting skills he learned in online chat rooms, making fake IDs in Texas for underage college students who wanted to drink alcohol.

By the age of 21, Mr. Havard had moved to England and parlayed those skills to a lucrative position at Carderplanet.com, one of the biggest multinational online networks trafficking in stolen personal data. Having reached a senior rank in the largely Russian and Eastern European organization, he was driving a \$57,000 Mercedes and spending hundreds of dollars on champagne at clubs and casinos.

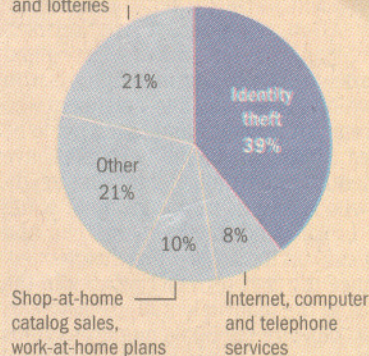
Now 22, Mr. Havard is in a Leeds prison cell, having pleaded guilty to charges of fraud and money laundering. The Carderplanet network has been shut down.

As other similar groups thrive and proliferate, Mr. Havard's case provides a rare insight into the underground marketplace for stolen information, a surging white-collar crime of the 21st century. It

Consumer Scams

Americans' complaints about identity theft outweigh those about other types of fraud.

Internet auctions and prizes/sweepstakes and lotteries



Notes: Based on 635,173 complaints received in 2004; percentages don't add up to 100 due to rounding.

Source: Federal Trade Commission

affects as many as 10 million Americans at a price tag of \$55 billion to American business and individuals, according to industry and government studies.

While banks typically compensate customers for fraudulent losses, victims can spend hundreds of hours repairing the havoc wreaked on their personal records and finances and often end up paying legal fees to do so. Sometimes, ID-theft victims are forced to pay off the debt racked up in their name by fraudsters. In the most insidious cases, they are arrested for crimes committed by the person who stole their identity.

Most identity theft still occurs offline, through stolen cards or rings of rogue waiters and shop clerks in cahoots with credit-card forgers. But as Carderplanet shows, the Web offers criminals more efficient tools to harvest personal data and to communicate easily with large groups on multiple continents. The big change behind the expansion of identity theft, law-enforcement agencies say, is the growth of online scams.

Police are finding well-run, hierarchical groups that are structured like business.



Douglas Cade
Havard

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