

# THE INKJET COUNTERFEITER





ALBERT TALTON WAS ONE OF THE MOST PROLIFIC COUNTERFEITERS IN U.S. HISTORY, PRINTING MORE THAN \$7 MILLION IN PHONY CURRENCY—WITH SUPPLIES PURCHASED FROM STAPLES.

BEHIND AN ANONYMOUS-LOOKING DOOR ON THE FIFTH FLOOR OF THE UNITED States Secret Service headquarters, on H Street in Washington, D.C., is a small, windowless room known by the agents who work there as the Specimen Vault. Lining the walls are dozens of filing cabinets filled with narrow steel drawers containing scores of transparent plastic sleeves. In each sleeve is an individual note of U.S. currency—a single, five, ten, twenty, fifty, or hundred. The face value of the cash runs into the thousands, perhaps millions, of dollars. But despite the apparent wealth here, the money in the drawers is worthless.

The Specimen Vault is the reference library of the service's counterfeit investigators. It holds an example of every family of fake U.S. tender confiscated since the





end of the 19th century. Most of the bills successfully spent—"passed," in law-enforcement jargon—were created decades ago by skilled artists familiar with the fine engraving and heavy machinery of the printing industry, career criminals who churned out hundreds of thousands of dollars at a time. However, the advent of desktop publishing has gradually changed the profile of counterfeiters, giving almost anyone with a scanner and a copy of Photoshop the means to print money. And while opportunistic bedroom forgers have made the crime more widespread, their operations are often small-scale and easy to detect. Few produce more than \$10,000.

But in January 2005, the Secret Service field office in Los Angeles discovered a fake \$100 bill of remarkably high quality. In the Specimen Vault four years later, Kelley Harris, supervisory counterfeit specialist of the

## "THERE'S NO SUCH THING AS UNCOUNTERFEITABLE," SPECIAL AGENT EDWIN DONOVAN SAYS.

**GOING GREEN:** Albert Talton had no experience in counterfeiting when he started printing money.

Criminal Investigative Division, hands me a Ziploc bag containing 14 bills, which appear genuine. "Not bad," Harris concedes.

Despite the best efforts of the Secret Service, the printer behind these notes evaded capture for more than three years. By then, Albert Edward Talton, of Lawndale, California, was responsible for putting more than \$7 million in phony currency into circulation. And he'd made much of it using supplies purchased from his local Staples.

**A**LBERT TALTON, 44, IS CHARMING AND soft-spoken, a big, fastidious man with a taste for expensive cars and high-end audio equipment. Born and raised in Southern California, he has been a criminal for most of his life. For 10 years he was in and out of jail, and in 2001 he was convicted of bank

fraud and sentenced to five years in prison. Yet he also studied electrical engineering at California State University, Long Beach, and is a man of considerable ingenuity. In 1987, when Bose was manufacturing a new type of speaker system, Talton wanted to know how it worked. "I was amazed," he says from the Federal Correctional Institution in Lompoc, California. "How could they get that much bass out of a box the size of a shoe box?" So he bought himself a Bose setup from Circuit City for \$2,500, went home, and took it apart. He figured out what the company's technicians had done and built his own version. This would not be Talton's last experiment in reverse engineering.

In June 2004, he was released from prison, and he eventually found work at an auto-body shop in Inglewood, California. A few months later his boss showed him a coun-



terfeit fifty that someone had passed to him. Talton examined it and thought, *I could do better than that.*

**T**HERE ARE FEW CRIMINALS PURSUED with more vigor than those who make their own money. Counterfeiting is considered such a threat to the fabric of the United States that it is—with treason—one of only two criminal offenses named in the Constitution. Although better known for its role in presidential security, the Secret Service was founded by the Treasury in 1865 to combat currency counterfeiting. Fake bills make up a tiny fraction of the cash in circulation at any time—the service puts it at less than 0.1 percent—but this still amounts to some \$780 million. And its impact can be significant: Losses incurred by accepting counterfeit currency aren't covered by insurance, and a run of fake bills can shake international confidence in the dollar.

Almost every physical attribute of the money in your wallet was conceived with the

intention of making it hard to duplicate. The paper on which it is printed is composed of 75 percent cotton and 25 percent linen, giving it a feel that's easily distinguishable from the wood-pulp paper used in printers and copiers. In 1996, U.S. currency underwent a significant redesign, specifically to combat the growing use of color copiers and computer scanners by counterfeiters. The Treasury has since introduced three additional series of notes, each employing more complex security features than its predecessor: The most recent includes colored backgrounds, intricate patterns of "microprinting," watermarks, embedded security threads visible when the bill is held up to the light, and color-shifting optically variable ink. But even the latest technology cannot thwart every forger. "The security features make it more difficult," Special Agent Edwin Donovan says. "But there's no such thing as uncounterfeitable."

**W**HEN TALTON SET OUT TO CIRCUMVENT the U.S. Treasury's security measures, he had no experience in counterfeiting, printing, or graphic design, and he didn't even own a computer. His first attempts were made with a Hewlett-Packard all-in-one ink-jet printer/scanner/fax/copier, which could be picked up at the time for less than \$150. Early experiments, printed on regular copy paper, were fuzzy, so he cleaned up the original image on a computer. But there was a problem, Talton says: "It wouldn't take the mark." Counterfeit-detection pens mark yellow on genuine currency but brown or black on fake. Talton didn't know why. At first he thought the Treasury treated the paper, so he experimented with chemicals he found at the body shop and even tried dipping his notes in fabric softener. Nothing worked. Frustrated, he began taking a detection pen everywhere he went, trying it on whatever paper he came across. He was about to give up when one day, sitting on the toilet, he found himself staring at the roll of tissue beside him. He took out the pen: The mark showed up yellow. Talton discovered that toilet paper, the pages of Bibles and dictionaries, and newsprint are all made from the same kind of recycled paper pulp, and all take the mark. Newsprint is strong, and it has an additional advantage for the large-scale buyer: "Newsprint is real cheap," Talton says.

**E**VERY INVESTIGATION THE SECRET Service conducts into a counterfeit operation has the same goal: “To stop the bleeding,” Edwin Donovan says. To stanch the flow of fake bills, Treasury agents must arrest the people passing them, trace the transactions up the chain of distribution, catch the printer, and seize his equipment. “Plant suppression,” as the Secret Service calls it, is a painstaking process: A wise printer insulates himself so that the person who spends the money has no idea of its source.

Talton’s counterfeit notes were first noticed in January 2005. All hundreds, they were meticulously made. “That was one of the keys to his success,” says Mack Jenkins, one of two assistant U.S. attorneys who prosecuted the case. “He didn’t just make the easiest-to-produce counterfeit. He tried to make the best counterfeit he could.”

The simplest method of making counterfeit money is to scan both sides of a bill and print them on either side of a single piece of paper. But in a genuine bill the security strip and watermark are embedded, so this type of counterfeit is never convincing.

Talton realized he could solve the problem by using two sheets of tissue-thin newsprint:

He printed imitation watermarks and security strips on the back of one, then glued the sheets together with the security features inside. Next he printed the front and back faces of the bills—five at a time—on either side of the two-ply sheets, which he hung from clotheslines and coated with hair spray, creating a texture similar to that of genuine currency and a barrier that helped the paper take the mark of a counterfeit pen. Finally, he cut the notes to size. For all his scrupulousness, though, Talton used the same scan for every \$100 bill he printed, so the alphanumeric codes to the left and right of the portrait of Ben Franklin never changed. These are the quadrant number and the face-plate number, which indicate which plate at the Bureau of Engraving and Printing was used to make the bill: Talton’s hundred came from plate No. 38, spot H, quadrant No. 2, and was thus marked H2 and H38. H2-H38 would quickly become the name by which the Secret Service identified a new family of counterfeit notes.

**A**LBERT TALTON SAYS HE DID NOT have any grand plan in mind when he started his operation. It was just an experiment, “to see if I could do

it,” he tells me in a letter from prison, a few months after our initial conversation. Once he had made 20 or 30 bills, he gave them to an acquaintance—“a street person”—to see what he could do with them. The acquaintance sold them and returned for more. The H2-H38 notes appeared slowly in Southern California, logged by Secret Service offices one or two at a time early in 2005. For the next year they followed a similar pattern: \$100 here, \$200 there, always around Los Angeles. But in 2006, the bills began to spread across the country in large quantities: in January, \$11,500; in March, \$57,600; in September, \$115,100. In 2005 and 2006, \$1,300,200 in H2-H38 notes were retrieved. Secret Service agents questioned anyone caught passing the notes in volume, but they always told the same story: They had no idea that the money was counterfeit; they certainly didn’t know where it had come from. By early 2007, the stream of notes had become a flood—\$347,700 in March alone. Jenkins would later calculate that by the end of 2008, at least \$127,000 in H2-H38 notes had been passed in Macy’s stores and \$19,000 in Jack in the Box franchises. But the Secret Service still had no leads.

Talton had found work as a loan broker in California’s booming real-estate market and was printing money after hours. “Things were just going great,” he writes. He sold the counterfeit bills in five-figure sums to intermediaries who paid \$12 to \$16 for each \$100 bill. The intermediaries then sold the bills to customers at a higher rate. The notes went on down the line until ultimately someone spending an H2-H38 \$100 bill in a store might have paid as much as \$50 for it—and had no idea where it had been printed.

Talton moved from Inglewood to a townhouse on a quiet street in suburban Lawndale and was selective about whom he allowed to visit him: Meetings and sales were often conducted at a nearby KFC. He spent lavishly on high-end home-entertainment equipment and ostentatious cars: an Aston Martin V8 Vantage, a Mercedes S550, a \$140,000 Mercedes CL550.

The H2-H38 notes were so convincing that demand soon outstripped Talton’s ability to manufacture them. He turned to three friends for help: David Goldberg, a 35-year-old with a series of minor drug convictions, whom Talton had known for a decade; 43-year-old Paul Tracy McCorry, whom he’d known since



childhood; and Troy Stroud, a sometime movie producer with a criminal record stretching back 20 years. Stroud came on as a broker, introducing buyers to Talton. But Stroud also began to sell bills himself, giving them to someone he knew who—no matter how many times Stroud told him not to—passed them himself, in stores in Los Angeles.

In September 2007, Talton received a single order for \$500,000 and began working day and night. He dedicated an upstairs room in his new house to a regimented counterfeiting process, with two Hewlett-Packard computers, nine ink-jet and laser-jet printers, stacks of paper divided by type; it was a manufacturing routine based on production-line principles: “Probably the best-organized office I’ve ever seen,” Jenkins says. Once a week, Talton drove to Staples in Hawthorne to replenish his supply of printer cartridges, drop his empties in the store’s recycling bin, and use a Staples rewards card to accrue points in his name. In the last three months of the year, Secret Service offices logged the passing of another \$1,297,500 in counterfeit \$100 bills bearing the H2-H38 mark. Agents were no closer to finding the person printing them than they had been two years before.

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

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

On April 10, Paul McCorry attended a meeting at which \$2,500 in counterfeit hundreds were sold to another informant on the Secret Service payroll: He arrived in an orange Mercedes coupe bearing a license plate that read MCCORRY. On April 15, three agents

tailed Stroud to a Popeyes in Inglewood. While Stroud waited in the drive-thru line, Special Agent Matthew Mayo entered the restaurant and watched him pay for his meal with a \$20 bill. It was a counterfeit.

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

Early on the morning of May 8, Stroud was arrested. Talton’s house in Lawndale was raided later that day. The Secret Service entered using a battering ram and shotguns. They found Goldberg at work in the kitchen; McCorry was in the bathroom; Talton was upstairs. On a computer screen was the image of a \$100 bill. The agents found \$162,000 in finished notes, and almost \$1.4 million in partially completed bills. “You can’t get caught much more red-handed than that,” Mack Jenkins says.

**B**ETWEEN NOVEMBER 2008 AND MAY 2009, Albert Talton and his three co-conspirators were convicted of “forging or selling counterfeit obligations of the United States.” Talton was sentenced to nine years and two months in prison. The Secret Service put the total of all currency printed by Talton and successfully passed through March 2009 at \$6,798,900—ultimately, both Talton and the authorities acknowledged that the sum was higher. “They agreed to keep it under 7 million,” Talton says. “I had bills out there after that—and then those weren’t even just the hundreds.” By the time Talton was arrested, his money had been circulated in every state in the nation and in nine foreign countries. Of all the phony currency that was confiscated, four examples will be filed in the steel drawers of the Specimen Vault. The rest will be burned by the Secret Service—all but four more bills. In his office in the U.S. courthouse in downtown Los Angeles, Mack Jenkins explains that he and his fellow prosecutor, Mark Williams, are awaiting delivery of two paired examples of Talton’s best work—a twenty and a hundred. These will be mounted and framed as souvenirs.

“So we will have our own,” Jenkins says. “It will be stamped COUNTERFEIT on the back, but it will be up on our walls.”

Williams smiles. “If we ever need some Popeyes,” he says, “we’ll crack the plaque and go buy some chicken.” ■