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Fast Bucks

A network of Bangkok-based boiler rooms may have bilked investors out of millions

BY MARK R. MITCHELL BANGKOK

The man with the big Rolex—let's call him "Pete"—thought about doing the job himself, pulling out the Walther pistol he keeps strapped under his desk and blowing that irritating grin right off Danny Sterk's face. Sterk had already sabotaged a perfectly good relationship with the local constabulary when he'd flashed his gun at some Thai cops he was meeting in a girlie bar off Sukhumvit Road. Now, here he was, sitting in Pete's office with that ridiculous smile and talking about how he'd gone and started up his own outfit and how it was going to be so big that all the other boys in Bangkok would beg him for work. "It was too much," Pete says. "I was going to kill the guy right there. Didn't do it, though. I went looking for hired help instead."

Pete is a compact, slickly dressed man, with the square, sculpted hair of a TV anchor. Diamonds sprout from his rings like cauliflower and his Rolex is nearly the size of a hockey puck—testaments to the fortune he says he has made ripping off "morons." He has consented to a meeting on two conditions: that I don't use his real name (to do so would be "lethal," he insists) and that I tell the "truth" about his former employers at the Brinton Group. The company, Pete says, is run by real professionals, powerful people, the best in the business. They taught him everything he knows about running a good scam. And they would never have been busted if it weren't for Sterk—Sterk and that other guy, the ex-mercenary hothead who was always breaking stuff just because the airlines wouldn't let him book seats for his dog.

The Brinton Group is a Bangkok-based investment firm that authorities raided at the end of July, charging it with running an illicit telemarketing business, in which Western pitchmen used high-pressure tactics to sell purportedly hot stocks that inevitably turned out to be worthless. It is an international operation with ties to big

names, including pro golfer Gary Player and an Academy Award-winning company. The Brinton Group's owners and former managers such as Pete have set up around a dozen boiler rooms that together may have bilked hundreds of millions of dollars from gullible investors, most of them in Australia and New Zealand. The people who run these companies are prone to violence: on at least one occasion, business disputes almost led to a gangland-style shooting in the streets of Bangkok.

Even so, it is not clear if the Thai government's vow to crack down on the capital's boiler rooms will have any impact. After July's raid, 84 of the Brinton Group's expatriate staff were deported and five top executives were jailed. The company's head, John Kealy (Pete calls him the "king of all boiler rooms"), became a fugitive, pursued by more than 60 Thai police officers, the FBI and the Australian Federal Police. But when Kealy turned himself in several weeks later, he and the five other Brinton Group executives were released the same day on bail. Their trial was to begin on Oct. 25, but the court date was postponed until mid-December. Meanwhile, the Brinton Group—as well as many of the other boiler rooms in Bangkok that suspended operations until the heat was off—have reopened for business, their phone banks staffed by many of the same people who were thrown out of Thailand in July.

Kealy declines to answer questions about his past, and the details are sketchy, but his career in financial services is traceable to the early 1990s, when he left his native Ireland for California to sell shares in a company that claimed to be setting up a network of broadcast-quality videophones. The firm solicited investments on after-hours infomercials showing a toll-free number, clips from Star Trek and a working prototype for something called a "photonic switch." This blinking contraption impressed thousands of late-night investors and also a Los Angeles Times reporter, who wondered in an article whether it might be the next big thing in global telephony. But then someone figured out that the photonic switch was an empty cabinet strung with Christmas lights, and a company director went to jail. Kealy fled the country and, after some time in Indonesia and the Philippines, he wound up in Bangkok, where authorities say he set up the Brinton Group and several other boiler rooms, with names like Benson-Dupont, Dreyfus Capital and Sigama Capital (Kealy says he was involved only with the Brinton Group and Sigama Capital).

Among Kealy's first moneymakers was a deal to peddle shares in an outfit called Oasis Resorts International. Investors in Australia were told that the company was a global casino operation run by the people who had set up a restaurant chain with Gary Coleman, star of the 1980s TV sitcom *Diff'rent Strokes*. This was true, except that the chain comprised one failing restaurant in Denver, and Coleman had recently auctioned off his clothing and other belongings to cover his debts.

Oasis Resorts' only property was a nearly vacant gaming hall in Tunisia. Most investors never saw their money again.

People who bought other stocks hyped by Kealy haven't fared much better. Virtual Gaming, an Internet gambling firm, is run by Virgil Williams, who was once connected to a giant boiler-room scam in San Diego. In a letter posted on Virtual Gaming's website, Williams says he's sorry about the stock's dismal performance, but he's finally kicked his alcohol addiction. Manex Entertainment, another Kealy stock, received widespread acclaim for creating the special effects in *Crouching Tiger, Hidden Dragon*, and won an Oscar in 2000 for its work on *The Matrix*. But Manex was headed by Robert Bobo, whose only prior accomplishment was pleading guilty to running a commodities trading scam in Ohio. Investors in the two companies complain their phone calls go unanswered when they try to unload their almost worthless shares, and there is little evidence that their money was used to build businesses. Manex's award-winning special-effects team recently left the firm. "The Brinton Group might have sold a lot of shares," says a team member. "But we could never figure out where the money was going. The creative department sure didn't see any of it." Bobo has resigned, and his whereabouts are unknown. Bangkok's boiler rooms each employ about 100 phone operators, an oddball collection of penurious retirees, thugs imported from the West and tourists recruited from Bangkok's backpacker ghetto on Khao San Road. Dressed like pros in white shirts and ties, they are trained in various specialties: some make initial calls, some close deals and others handle the floods of complaints from disgruntled investors. In the background, victims often hear bells and shouting, the sounds of a busy trading pit. The salesmen pitch at rapid-fire speed and are persistent, calling the same potential investors over and over again.

By early 1999, the Brinton Group had sucked millions from these schemes, but Kealy's biggest break came later that year, when he received a visit from A.J. Cervantes Jr., a son of a former St. Louis Mayor, and Marc Player, whose father is Gary Player, the famous golfer. The two had set up an Internet golf-club retailer called Gary Player Direct with investments from, among others, Alex Trebek, host of the TV game show *Jeopardy*, and James Capwill Jr., who has also funded a loan-sharking business run by Eugene Ciasullo, a reputed Mob enforcer who prefers to be called "the Animal." After a night of heavy drinking with Kealy, Cervantes and Marc Player agreed to let the Brinton Group sell shares in their company. The deal was discussed the next morning in a conference call with the star golfer himself.

When I telephoned Marc Player at his ranch in South Africa, he claimed he and his father had nothing to do with Gary Player Direct, other than selling the company a license to use the golfer's name. He also says he had little contact with Kealy and had been under the impression that the Brinton Group was a legitimate business.

Company documents show Marc was a member of Gary Player Direct's board, and people close to him say he was on the phone with Kealy regularly and made frequent trips to see him in Bangkok. Gary Player played golf with Brinton Group executives on at least seven occasions. Three months after Kealy started selling shares in Gary Player Direct, the company folded and the Brinton Group moved investors into its successor, Gary Player Golf.com. Until recently, Marc Player was the chairman of this company and he and his father are its majority shareholders. While Gary Player lets his son handle most of his business affairs, it is hard to believe the golfer wasn't aware that regulators around the world were warning investors that the Brinton Group overhypes the stock of its clients.

The Gary Player name proved a powerful marketing tool for the Brinton Group, which never informed investors that the Player companies were near bankruptcy. Nobody knows what happened to much of the money that rolled in—the Brinton Group is unregistered—but Kealy became one of the more extravagant expatriates in Bangkok. He and his phone men became free-spending staples on the Bangkok bar scene and held lavish parties, one of which was attended by Gary Player. A cash-flush Brinton Group opened more boiler rooms, while former managers, including Pete, set up their own operations. The network began investing in go-go bars, restaurants and alternative scams. David Cordova, a former Brinton Group manager, put \$500,000 into Thai Herbal Life, a company that claims to have invented drugs that can stop HIV, the virus that causes AIDS, from replicating. Also involved in the company is former Bangkok resident Bernie Sandow, a Mafia-connected debt collector who was a central figure in one of the most celebrated bribery scandals in Chicago history. The boiler-room operators began to search for new opportunities as far afield as Ghana, where Cordova and a 10-man delegation got an audience at Manhyia Palace with the powerful Otumfuo Osei Tutu II, King of the Ashanti people.

The roaring business in Bangkok invited trouble, though, as operators began to fight over territory. The erratic Danny Sterk, who was convicted of fraud in the U.S. before launching a Bangkok-based venture called International Asset Management, seems to have been among the most aggressive, precipitating a feud between himself and the management of Pete's boiler room. While it is not known whether Pete's story is an exaggeration, a number of boiler-room operators confirm that hit men were hired to do away with Sterk. Even Kealy admits that a bloody battle almost erupted between former Brinton Group managers. "Some guys had brought in some Mafia characters," he says. "They were talking about taking people out, doing this, doing that. I simply said, 'Guys, this is Thailand, not Mobland. We have to be peaceful.'"

In the end, nobody was killed, but many boiler-room managers say

such disputes upset the Thai authorities and led to the July raid. The operators also say the lucrative boiler-room business attracted new players, some of whom were running untenable scams that triggered too many consumer complaints and attracted too much police scrutiny. One gate-crasher is Foreign Currency International, a firm that peddles forex derivatives but switches locations and names as soon as investors' money is in the bank. The company is run by Ian Travis, a strapping Taekwondo expert who claims to have put in time as a mercenary in Cambodia and Sierra Leone. Aside from flying into rages over the lack of dog-friendly airlines, he is brutally paranoid about exposure, threatening employees who want to return to their home countries. In July, the British embassy had to intervene on behalf of two of its nationals, Geoffrey Higson and James O'Connor, before Travis would give back their passports. The Brinton Group also zealously protects its turf. A lawyer in Bangkok says he once represented two of the company's former employees who had been beaten severely after being caught copying the company's investor lists and other information onto a disc. After the employees' families in Britain were threatened, they dropped their case.

When Thai regulators announced their crackdown in July, Sterk fled to Spain. But many of Bangkok's boiler rooms are booming. In a series of interviews while he was still on the run, Kealy said the Brinton Group is a normal venture-capital firm with reputable clients and that he is the victim of a "witch-hunt." After he was released on bail, he told me he had reopened his boiler room because continuing to service his investors was "the right thing to do." And as if to show his sangfroid in the face of the pending legal action against him, he unleashed one of his boiler rooms on me: I've received multiple calls from people asking how the story is going and, by the way, am I interested in a hot investment opportunity?

In Bangkok I recently met with Anna Parker, a homeopathic natural healer, and Andrew Mignot, owner of Earth Cars, a rental car business outside Perth. Anna was dressed in the sort of earthy, embroidered clothing favored by Thai hill tribes. Andrew wore baggy, bright blue pants printed with yellow moons and stars. The two Australians had been in Indonesia for a sEance with the Dancers of Universal Peace and stopped in the Thai capital to see if they could recover the \$80,000 they had dropped on various boiler-room scams. Anna was particularly distressed about her investment in a firm that claimed to have invented a black box that can clear animal waste from a 25-sq-km piece of land. "It seemed like a very environmentally friendly company," she says. "It's hard to believe it's not going to pan out." Last I saw Andrew and Anna, they were heading to meet Cordova. An investment in his AIDS business, they reckoned, was just the thing to recoup their earlier losses.