

# The Sultan of Spam

At 25, Chris Smith had built an \$18 million empire pushing penis pills, bogus diplomas, and Vicodin. Then he pushed it too far.

by Jay Cheshes



**Living Large** A high school dropout, Chris Smith (right) reinvented himself as a jet-setting cybermogul — until the feds seized \$4.2 million in assets, including his suburban Minneapolis mansion.

**CHRIS SMITH — OR “THE RIZLER,” AS HE’D BECOME KNOWN ONLINE —**

was nowhere to be found on May 10, 2005, when the FBI, DEA, and FDA descended on his operations in a red brick office park in suburban Minneapolis.

Perhaps he’d been tipped off. He’d been spending less time onsite the last few months, traipsing off to...who could say where? Central America, or maybe his condo in Florida, or even Canada, where his partner was already building a replica of his Minnesota outfit beyond the reach of American law enforcement.

Inside the offices of Online Payment Solutions, Natalie, a tall and curvaceous new sales agent, had settled in with her midmorning snack, an egg on a roll, when she spied the feds maneuvering through the parking lot toward the glass front doors. “I thought, Shit, they’re coming for me,” Natalie later recalled. “My baby’s daddy has sold me out.” Recently the cops had made a mess of her house while searching the place for drugs. Now the father of her child was doing five years in the pen, and Natalie, who had a rap sheet for soliciting through explicit ads in the local weekly, had lately been looking over her shoulder. Grabbing her sandwich, she bolted for the exit but was promptly intercepted and forced back inside.

In an instant the phones went dead. Autodialers that usually churned through thousands of numbers tumbled like dominoes, one after another, droning out busy signals. Dozens of computers went offline. “Drop your stuff,” commanded one officer. “Come on, let’s go.” The agents corralled the 40 or so employees,



most of whom were in their early 20s, and started taking down names. The staff, which included ex-cons recruited through a halfway house, was not the sort to ask questions, particularly of an employer who paid so well for just working the phones. With commissions, the most industrious of them took home an annual salary in excess of \$70,000. "It was a cushy job," said one 22-year-old sales agent after the bust. "I didn't want to know too much about what went on."

**W**HAT HAD IN FACT BEEN GOING ON IN THOSE FLUORESCENT-lit rooms was the core of one of the world's most profitable online rackets, averaging more than \$2 million a month in sales. With Smith at the helm, this suburban boiler room had sold thousands of bottles of good-time meds, promoting sales of Vicodin and Xanax over the phone, the Web, even the fax. In recent weeks, through the Same Day Pay Day office next door, the business had moved on to glorified loan-sharking: paycheck advances at eye-popping interest rates between 430 and 1,370 percent. In addition to the feds at the door, there was a lawsuit pending — not for drugs but for spam. In the first half of 2003 the Rizler, already notorious, had deluged AOL's servers with more than a billion junk e-mails. Now AOL was determined to make him pay.

While agents descended on the call center, a few blocks away another law enforcement team swooped in on the offices of Ultimate Limousine. The company, run by the Rizler's wife, Anita Smith, had been fully operational for only a week. Her sister Sherry, who had opened the store that day, was surprisingly calm as she greeted the FBI agents. She knew the drill, having confronted federal marshals at another of her brother-in-law's firms, which sold illegal cable descramblers.

"We're taking these records," one agent announced, "and the vehicles, too." They carted off files and all four limos: a Caddie, a long Ford Excursion, and two stretch Hummers.

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A few suburbs away, at the Rizler's newly built \$1 million stone and stucco mock-Tudor mansion in secluded Prior Lake, agents marched up the driveway, past a fleet of sports cars, and with guns drawn pushed into the house. As the 29-year-old Anita Smith clutched her three-year-old son, they trooped through the living room searching for evidence, and for Smith's husband Chris. Although not on hand to witness the three-part assault on his livelihood, the Rizler would later learn of the devastation: \$4.2 million in assets seized.

"Why are you even with this guy?" one agent asked Smith's gorgeous blonde bride. "He's the smartest man I ever met," she replied coolly. "He could learn your job in a week."

**C**HRS SMITH PROBABLY WASN'T THE SMARTEST GUY ANYONE HAD EVER MET, BUT by the time he turned 25, in January 2005, he was certainly one of the richest. In six months, through his online pharmacy the baby-faced Minnesotan had accumulated so much cash — at least \$18 million, by government estimates — he could scarcely spend it fast enough, although he certainly tried. Since last year he'd picked up a couple of



**Junk Bond** Smith's wife Anita, a former beautician, also ran one of his sideline companies, Ultimate Limousine. "He's the smartest man I ever met," she told one of the federal agents who stormed their home. "He could learn your job in a week."

Mercedes-Benzes, including a \$280,000 Maybach, a Ferrari, and a few new gadgets: taser stun guns and a device that turned red traffic lights green. Growing up with a divorcé dad, Smith had learned the value of spending what you've got before it's all gone. His father had made and lost multiple fortunes, first in the restaurant and bar business and later in the mass-marketing of Diaper Deck baby changing stations, an enterprise that went bust in 2002.

Chris Smith had been operating on the fringes of the online economy for years. He'd grown up in affluentsuburbia—boating in summer, snowmobiling in winter — but by his junior year the precocious kid had no more use for high school. On Halloween that year Smith met 21-year-old Anita Penman, an aspiring beautician with a killer figure who was impressed by his 16th birthday present: a flashy new Land Rover. Already making good money installing car stereos, Smith had begun dabbling online, digging up working e-mail addresses and selling them to insurance companies at \$35 a pop. He rarely made it to class. By the end of the year, to his father's dismay, he had been booted out of his pricey private school. Forced to enroll in public Lakeville High, Smith dropped out before graduation. His father begged him to stick it out, but the 18-year-old had bigger plans.

In the small town of Cannon Falls, Minnesota, home to his father's Diaper Deck business, Smith discovered the seemingly limitless potential of selling crap through unsolicited e-mails. His first spam, sent just after the new year in 1999, crudely directed consumers to a web page where they could order police scanners and radar jammers. Smith called his company Rizlnet, and masked his identity with a new persona: the Rizler (a name borrowed from his dog).

While one by one his peers fled the dot-com world as the bubble burst, Smith joined the dark subculture of spam, then a relatively

new nuisance. He felt at home among the mostly young, disaffected loners in search of fast cash. Lurking in newsgroups and on bulletin boards, they formed alliances as they schemed against an opposing community of spam-hunting techies. They sold one another spamming programs and e-mail lists, and recruited other young spammers into the fold. What began as an obsession among this tight-knit group of housebound amateurs has blossomed into a multinational business — churning out some 65 percent of all e-mail delivered — with the involvement, say experts, of Russian and Chinese organized crime.

The Rizler turned out to be prolific. He moved on to hawking cable descramblers, then branched out into pheromones, growth hormones, and penis enlargement pills. By 2001 Smith, now one of the world's most notorious bulk e-mailers, attracted his first hint of trouble. After sniffing around his Cannon Falls office, private investigators working for Time Warner Cable charged that his cable descramblers were defrauding the company. Federal marshals locked down the office and a judge ordered payment of \$60,000 in damages (a small fraction of the \$385,000 Smith had made so far that year).

By then the spam fighters were making major inroads, convincing e-mail and web hosts to kick Smith and his ilk off their servers. The playful duel between spammers and their opponents turned ugly as the stakes grew higher. The Rizler enjoyed taunting his enemies, signing on to antispy newsgroups and swapping instant messages. In one exchange he claimed a connection to the Russian mob. In another he falsely boasted of a protective brother at the FBI. (Smith's only sibling, a sister, is not on the bureau's payroll.)

As American spammers began feeling the heat, many moved offshore. Costa Rica, awash in cheap drugs and women for hire, has long been a popular destination for fugitive gringos wanting to make and stash money. Smith opened an office in San José, the capital, in the fall of 2001. He flew down frequently, leaving Anita, by then his wife, at home to look after the kids.

At its height, the Costa Rica operation, run out of a modest office claiming to be in the "computer development" business, employed 15 locals and expats who handled the phone orders that flooded in from Smith's spam barrage. The Rizler would check himself into a small hotel near the main office, where, according to former employees, he partied like a rock star. ("He was always hitting on the ladies," says one.) By then he had a license to carry a gun in the state of Minnesota and was often spotted packing heat while in San José.

Smith soon diversified to web and spam hosting, and web page design. With a colleague he met online, a slick Texan in his mid-30s named Scott Poe, he began hosting online casinos. Estranged from his wife of 13 years, Poe was a freewheeling rake with plenty of experience in online maneuvering. Smith had obtained a fake passport and driver's license and began sending messages using aliases. Despite the lawsuit back in Minnesota he was still hawking cable descramblers, along with Vigrex ("generic Viagra" — "she'll beg for more"), porn site memberships (the "youngest girls on the net"), penis pills ("Maximum X10 all-in-one penis enlargement and male sexual enhancer"), and with Poe's help "real" college degrees ("You have the knowledge, why wait?").

In November 2003 Congress passed the CAN-SPAM Act, legislation that criminalized certain spamming activities. The spam hunters, who had long been applying pressure to offshore hosts, convinced Costa Rica's main service provider to reject spam-focused business. But Smith was one step ahead, having already signed deals with "safe" service providers in China.

By the following year, having left Costa Rica behind, Smith and Poe began working on the scam that would become their most profitable venture yet: a website offering prescription drugs. For most legitimate drug sites, the main appeal is value. Smith decided



## PERP WALK

# An Unsavory Stew

Radar's rogues gallery of the world's most toxic spammers

**NAME:** Alan Ralsky (age 60)  
**VOLUME:** 100 million e-mails a day  
**PUSHES:** Mortgage and loan offers, Botox creams, Viagra  
**SIGN OF SUCCESS:** \$740,000, 8,000-sq-ft home in West Bloomfield, Michigan  
**PAST LIFE:** Sold insurance, hall mats, stereos  
**RAP SHEET:** Jailed 50 days in '92 for selling unregistered securities; felony bust in '94 for falsifying documents  
**PAYBACK:** Bombarded with junk mail from spam-haters; sued by Verizon  
**ONCE SAID:** "When you're sending out 250 million e-mails, even a blind squirrel will find a nut."

**NAME:** Charles F. Childs (age 46)  
**VOLUME:** 20 million e-mails weekly  
**PUSHES:** Diet pills, "free" cash grants  
**PAST LIFE:** Dayton, Ohio, cop  
**SIGNS OF SUCCESS:** Works in silk kimono and leather slippers; gets twice-weekly manicure; owns 125-gallon aquarium stocked with piranhas  
**RAP SHEET:** Booted off the force in '96 for selling drugs  
**PARENTING SKILLS:** Accused by ex-wife in '03 of threatening to beat up their 10-year-old daughter (for not calling him "Daddy")  
**PAYBACK:** Dogged by angry spam victim who sued and won \$250,000

**NAME:** Robert "Bubba" Catts (age 48)  
**VOLUME:** 90,000 e-mails every hour; boasts 50 responses a day on average  
**PUSHES:** Condos, mortgages, auto warranties, Viagra, internet software  
**PAST LIFE:** Son of Shreveport, Louisiana, police captain; former bull-rider, car salesman, truck driver, stripper  
**SIGNS OF SUCCESS:** \$700,000 in earnings in '03; wears lots of bling  
**STORY BEHIND MARRIAGE:** "As soon as I got to the airport, the most gorgeous Filipino girl came up to me and said, 'Hi, Bubba, I am Melody. I knew that she was from God and that I will spend the rest of my life with her.'"  
**PAYBACK:** Received anonymous hate mail and a box filled with

human excrement; crank-called by antispyammers who threatened to "whup his ass" and posted prank online  
**SAVING GRACE:** Contributes 10 percent of his income to the Assemblies of God church

**NAME:** Davis Wolfgang Hawke (age 26)  
**REAL NAME:** Andrew Greenbaum  
**PUSHES:** Penis enlargement pills  
**PAST LIFE:** College neo-Nazi leader mocked for his Jewish background  
**EARNINGS:** Allegedly more than \$600,000 in one month  
**PAYBACK:** Forced into hiding after AOL hired a private investigator to tail him; sued in '04 for violating antispy laws  
**LOVE LIFE:** Paid 19-year-old Colombian woman to move in with him  
**NOTABLE SPAM COME-ON:** "I used to be small.... Now I'm the proud owner of an 8.3-inch wanker."

**NAME:** Eddy Marin (age 43)  
**PEAK VOLUME:** 250 million e-mails daily  
**PUSHES:** Sexual remedies, mail-order brides, cybersex shows filmed in a Pompano Beach warehouse  
**SIGN OF SUCCESS:** Claimed \$750,000 revenue in first quarter 2000  
**RAP SHEET:** Sentenced to four years in the '90s as part of a cocaine ring  
**PAYBACK:** Computers seized by feds in Marin's Boca Raton operation in late '04; photo posted online alongside prediction that he'll wind up in prison with a "fat, hairy...butt-buddy"

**NAME:** Ronnie Scelson (age 32)  
**VOLUME:** 2 billion e-mails monthly  
**PUSHES:** Insurance, toys, lingerie  
**EDUCATION:** Seventh grade  
**ONCE SAID:** Scooby-Doo cartoons are "funny and deep"  
**RESPONSE TO 9/11:** Spam blitz seeking donations to Red Cross; started hawking term life insurance  
**PAYBACK:** Forced by obscene callers to move; photo clutching a naked female mannequin posted online with caption, "He came from a trailer park...and he will likely return to it" — CAROL HUANG

to offer convenience. By doing away with the nuisance of a doctor visit, he would attract a clientele willing to pay through the nose. He enlisted an internist in East Brunswick, New Jersey, named Philip Mach to rubber-stamp prescriptions for \$7 each. (Mach would never actually see patients.) The new venture abandoned spam in favor of phone sales. He put ads in the local paper for sales staff, recruiting dozens of men and women who had recently been laid off by Sprint. Though he had already made piles of money, peddling meds with this team of hungry telemarketers promised undreamed-of cash.

**S**ALES TOOK OFF AS SOON THE OFFICE OPENED IN THE FALL OF 2004; THE MOST addictive drugs — painkillers like Vicodin and hydrocodone and the anti-anxiety drug Xanax — were the big movers. While a mainstream competitor like drugstore.com charged \$56 for 90 Vicodin, on his website, xpress-rx.com, Smith charged for the same amount of the generic version a whopping \$349 (plus \$35 shipping and handling). Sales agents piled on the charm as they scooped up orders, often launching their spiels by implying an existing rapport. “I see that it’s been quite a while since your last order,” a call might begin. “We had the best personalities in telemarketing,” recalls one top salesman. “I had one customer who said, ‘It’s so good to hear from you. I can’t wait to get my refill.’”

Within a few months some sales agents had worked their way up to more prominent roles. A chubby, happy-go-lucky former gas station manager named Ron Miller, whose wife, also an employee, always seemed to push him around, became head of security, though he was really mostly a personal gofer. Ramesh Ramnarain, a husky operator of Guyanese origin who loved to flash bling and sometimes wore a blinding white suit to work, completed the management team.

To many women in the office Smith seemed brash, obnoxious. He had an air of entitlement and sometimes thumped a techno human-beatbox soundtrack as he strolled. “He was a geek and he had money,” says one young female sales agent. “He didn’t look as if he was rich,

## Pennsylvania slapped a lawsuit on Scott Poe’s online diploma mill after it bestowed an MBA on the deputy attorney general’s cat.

but to be sure you knew it he used to carry and flash, like, \$3,000 in cash.” To the dozen or so young guys who might be working the floor on any given shift, Smith was living the dream, an adolescent fantasy of hot babes, fast cars, and easy money. His wife had plastic good looks and spent much of her free time shopping: Vuitton bags and short Bebe skirts. Smith, who always dressed like a slob, enjoyed pranks — he once woke Poe from a nap by setting off a pyrotechnic show in his driveway — and playing with guns, arcade games, and remote-controlled cars. Sometimes he used a paintball gun to nail the geese that roamed around the man-made pond out back.

“It was a great place to work,” recalls one salesman. “I’d smoke a bowl before work, and then on my break. Nobody cared what you did as long as you made money.” Once Smith brought in a treat, 300 White Castle hamburgers. And then of course there were the copious pills. “I asked for some aspirin for a headache,” says another former sales agent. “Someone handed me this huge horse pill. It was Vicodin.”

By December the company had opened a customer service department; a total of 85 sales agents were now making calls morning ’til night. But that month Poe got a dose of bad news: Pennsylvania’s attorney general smacked a lawsuit on him and his brother for running a diploma mill issuing “worthless paper” instead of the bachelor’s, master’s, and doctorate degrees their site

promised. Trinity Southern, their online campus, had even granted an MBA to the deputy attorney general’s six-year-old cat.

A few months into 2005 there were more signs of something amiss. Smith, now rarely at the office, had hired an in-house attorney, who delivered a puzzling speech: “You may have heard about some online pharmacies running into trouble recently. We’re a legitimate company. What we do is perfectly legal.” Poe, meanwhile, was jetting to Canada. “If anyone calls looking for a job who seems a little too qualified, let me know,” he mysteriously told the company’s top trainer. In April, Smith purchased a Featherlite trailer and loaded it with computers. When it left for Montreal, Poe was on board, with a new BMW in tow.

By the time the feds swooped in, Poe was firmly entrenched in a new office north of the border. Smith may have been planning to join him. Instead, he returned from off-roading on his ATV to discover a swarm of federal agents ransacking his home. A few weeks later, on a Thursday in June, former employees lined up in the hallway outside their now-shuttered office. Paychecks — their last — were waiting inside. A few found bonuses they had hoped not to get: grand jury subpoenas.

**F**OR HIS PART, SMITH — FACING MONEY LAUNDERING, WIRE FRAUD, AND DRUG charges — didn’t wait around for an arrest warrant. Within weeks of the raid, while his father spoke out in his defense — “It’s not like he’s Pablo Escobar or something” — the Rizler found refuge in a much sunnier place. It’s the scene in the movie where the hero kicks back with an umbrella-spruced cocktail while counting his cash. Cut to a casino in the Dominican Republic, Smith with two women — his wife and a girlfriend — at his side. With a cash card, he retrieves a big wad of bills. He ditches one cell phone for another in case it’s been traced. It’s not a fantasy ending; it’s the way it went down. Almost.

By early June, Smith had used a fake passport to disappear south, to Santo Domingo. He arranged for friends and former employees to smuggle out money by hand and by Fedex; he even managed to tap into a frozen account (being used at the time to settle employee wages). A former employee secured a disc with the pharmacy’s old customer list, some 100,000 numbers and names. Within a few weeks, Smith had set up a website and a merchant account for processing orders. Smith, the pharmacist, was back up and running. All he needed was enough money to seed the operation.

After a few attempts to smuggle large sums were stymied, Smith convinced Ramesh Ramnarain to procure \$53,000 from Online Payment Solutions — a “lot of benjamins,” Ramnarain would later testify, which were given to him by Ron Miller’s wife in a shoebox at a Twin Cities car wash — and Fedex the dough to associates who would transport it south. But Ramnarain lost his nerve (“I was afraid the government was following me”) and turned himself in. By the end of June, Smith, who had been living well at the Club Med Punta Cana since arriving on the island, had run low on cash. Thinking he might avoid detection, he boarded a flight to Miami, where he bought a last-minute ticket to Minneapolis for the final leg. When he arrived shortly after midnight on June 30, FBI agents and local police officers were waiting with cuffs.

On July 6 and 7 Smith was tried on a count of criminal contempt for violating the order that shuttered his online drugstore. Forbidden to leave the state or set up any new websites, the Rizler will wear an electronic monitor until the next phase of his trial begins, in late August. While a handful of Smith’s confidants also face criminal charges, most of his former employees have by now settled back into the real world — with modest salaries to match. “We knew the gravy train was over,” says a formerly high-earning young salesman. “But damn if we didn’t ride it to the end.”