THE AGE

NATIONAL

Fast money

Three years after Dan Saunders admitted he stole thousands thanks to an ATM error, he's still waiting to be arrested. Adam Shand reports.

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In the beginning, it didn't feel like stealing. It was more like the old Monopoly windfall, a bank error in the player's favour. Late one night in February 2011, 29-year old Dan Saunders was drinking with friends at the Bulls Head Hotel in Wangaratta, north-eastern Victoria. Out of cash, he went around the corner to a National Australia Bank (NAB)automatic teller machine. With just three dollars in his savings account, the next round of drinks would have to go on his MasterCard, courtesy of a cash transfer from his credit card account.

He checked the balance on his MasterCard. "Balance unavailable at this time" the message came back. Okay, he thought, I'll still try to transfer $200 from my credit card to my savings account. When he tried to do this, the words, "Transaction cancelled'' appeared on the ATM screen and the card was spat out. Puzzled, he reinserted his card and checked the balance on his linked savings account: $203 in credit. Sweet, he thought, and took out $200 cash and returned to the bar. On the way home, and pleasantly drunk, Saunders passed the same ATM. Let's see if that still works, he thought. Once again, the words, "Balance unavailable at this time'' flashed up on the screen, so he transferred another $200 from his MasterCard to his savings account: it went through as before.

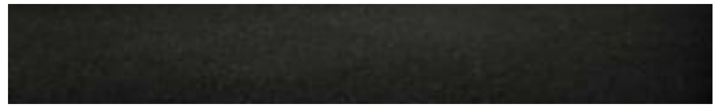
High-flyer: Dan Saunders was earning $700 a week as a barman before he discovered the ATM "loophole". Then, within five months, he spent almost $500,000. DAMIEN PLEMING

This is like a magic show, he thought. Let's see how much I can get. He transferred and withdrew $500, then another $500 and then $600. He had two NAB ATM cards: a MasterCard credit card and a Visa debit card, each with a $1000 daily limit. So he maxed both of them out - a total of $2000 - and went home to bed.

When he woke the next morning, he thought he must have dreamt up the previous night's events. But then he saw his wallet bulging with cash. Worried, he returned to the same ATM and checked his accounts. Strangely, there were no new transactions on his MasterCard or Visa debit card, but his savings account was $1997 in debit, which made some kind of sense because there had been $3 in the account the day before.

Saunders, a big genial man, had never been in trouble before with police. His father, a former Melbourne television newsreader, had tried to instil a strong sense of right and wrong into his son. A Catholic education at Christian Brothers schools had reinforced this. He had never held a driver's licence so had never even had a speeding ticket or a parking fine. But over the next 4 1/2 months, his moral values would virtually disintegrate under the weight of temptation.

The moment he transferred $200 to pay for that round of drinks on NAB, Saunders committed an offence. "Theft by finding" occurs when someone takes possession of something but fails to establish whether it belongs to someone else. It carries a jail term and/or a fine, depending on the value of what has been "found". Saunders claims he did nothing more than stumble across a loophole, a period of time when the ATM was offline from the bank's main systems.



"It was a golden opportunity, so I spread the card's wings. And boy did it fly": Dan Saunders. DAMIEN PLEMING

When an ATM is in "stand-alone" mode, customers cannot get a balance on their accounts but they are still able to transfer funds up to their daily limit. The banks allow this to happen to avoid inconveniencing customers when ATMs are offline. The system tries to schedule a transfer but cannot carry it out until reconnected to the main system. When reconnected, a debit is placed against the account.

Having spent most of his "windfall" in a matter of days on punting and drinking, Saunders' savings account was overdrawn by $1997, but he saw an opportunity to get it back. He was working at a pub frequented by racehorse trainers and one had a hot tip. He bet most of his remaining cash on the horse - but it was beaten. Working as a barman on a weekly wage of $700, it would have taken Saunders months to pay NAB back, so, late that night, he returned to the same ATM. The trick worked again and he transferred $2000 from his credit card to his savings account. For good measure, he did it again. He was now $2000 in credit.

Saunders had found a way to trick the bank's computer system. He worked out that if he kept track of his transactions, and then each night transferred just a little more than what he spent, he could fool the bank's computer system. The computer would think he had money in his account, but only if he did it every day. By carrying out nightly transfers, he was effectively buying himself time and preventing the computer from catching up.

For the next two weeks, Saunders tried to win NAB's money back on the punt. He had been a moderate gambler for years but now it was his only hope of paying back the bank - a quick way out of a hole that was getting deeper by the day. "I discovered I was more than likely the worst punter in Australia - well, at least in north-east Victoria," he says.

But it didn't seem to matter, since whatever money he lost could be wiped away with a few keystrokes at the ATM in Wangaratta. Nothing appeared on his credit card. In early March, he calculated that he was down $20,000 on his savings account, even though it was still showing it was in credit. But each day his anxiety was growing. How could he extricate himself from this situation? How would it end?

After three weeks, Saunders stopped making the transfers for a few days and the $20,000 deficit showed up on his savings account. In a panic, he decided that he would "tidy up" his savings account and transferred $60,000 into it from his MasterCard. It went through and his savings account was in credit to the tune of $40,000. But the ATM wouldn't let him withdraw cash, most likely because his account had been so heavily in the red. With the savings account stopped for withdrawals, the money could not return to his MasterCard as it had before. He was now $62,000 in debt on a $1000 credit limit. He assumed the bank was onto him and would unravel the anomaly.

That night, he returned to the ATM once more. He pressed transfer. Up came the normal series of options: savings, credit card, cheque account, MasterCard and Visa. He only had a MasterCard credit card, but wondered what would happen if he transferred money from the "credit card" option to his MasterCard. So he punched in $65,000 as a transfer.

Up came the "transaction cancelled'' message and the card came out. Saunders thought he was finished. But the next morning he checked his balances. The MasterCard was $3000 in credit - the $65,000 transfer had gone through, not instantly but overnight. And the money had seemingly come from thin air, from a credit card that he did not hold.

"It occurred to me that this was not real money, but simply numbers flying back and forth," he says. "Basically, the bank systems thought that there was money in my accounts when there wasn't. All I had to do was transfer enough funds to cover the funds spent and, as if by magic, the accounts were replenished or freshened each day." At first, he thought the ATM had to be offline to pull this off, but transferring from the "credit-card" option worked all day and at any of the bank's ATMs. He never fully understood why it worked - it just did. The key was keeping his savings and MasterCard accounts in credit at all times through daily transfers from the non-existent credit card.

Life changed for Saunders almost immediately. After three weeks of this adventure, he had started betting big amounts on the TAB in the pub where he worked. One quiet Tuesday night in late February, he was wagering heavily on the dogs and trots while he tended the bar and ran the TAB.

The next day, Tabcorp reported to hotel management that turnover for the night had been more than the whole venue did in three weeks. They suspected that Saunders had been robbing the pub's till to lay the bets, but no cash was missing. Still, the TAB was suspicious and removed his authorisation to run the betting agency. As that was part of his job description, the pub had no choice but to sack him. (Interestingly, the TAB had no issue with the $40,000 Saunders had deposited in an account with its online subsidiary Luxbet.)

Meanwhile, Saunders' partner of four years, a religious education teacher at a local primary school, couldn't believe what was happening. He had met her in Melbourne, and came to the country to be with her. They were saving up to get married, but Saunders' spending unnerved her. He was out on the town every night, moving from pub to pub with his mates, always stopping off at the NAB ATM.

People had seen them playing a game where they would throw money on the floor of a hotel and bet how long it would take for others to pick it up. There was speculation that Saunders was dealing drugs. He tried to explain what was happening to his partner, but she refused to believe him. Fearing the worst, she dumped him in a text message. Whatever he was up to, she wanted no part of it. So a month into this scam, he had lost his job and his partner.

"It felt like this was somehow preordained, that a higher power had decreed my destiny was not going to be a quiet married life in a country town," he says.

Saunders returned to his hometown of Melbourne and gathered his close mates to ask for advice. Some said he should pull up immediately; this would all come crashing down and he would wind up in jail. But others said this was a gift from the universe. To pass it up would be like having a Ferrari in the garage and not driving it. Saunders decided to continue. "Banks screw people every day, so why not screw a bank? It was a golden opportunity, so I spread the card's wings to see what it could do. And boy did it fly," he says.

After his father had died when he was 15, Saunders had felt increasingly lost. He left school in year 11 and worked in pubs and restaurants. From age 18 to 22, he worked at Melbourne's Crown Casino. Working there showed him how rich people lived and what they bought. Now it was his turn. He dressed like a high roller in Hugo Boss clothes, with Louis Vuitton luggage accessories. He indulged every whim: limousines, helicopters, private jets and high-class hookers in five-star hotels. Every night was a massive dinner party, the guest list compiled from people he had met that day.

As the scam rolled on into April, Saunders experienced everything he'd dreamed of: Mayura wagyu beef from South Australia, Porterhouse steak from Argentina, ossetra and beluga caviar and Coffin Bay oysters, two dozen at a time. His friends played "fly-in, fly-out" roles in this fantasy. They would come and party for a few days and then return to their "normal" lives, exhausted by the debauchery.

When he was alone, Saunders would pretend he was in a movie and act out his favourite scenes. One day he would be Richard Gere in *Pretty Woman*, taking a prostitute to shop for clothes at Versace and jewellery at Paspaley. The next day he might be Richard Dreyfuss's character in *Let it Ride*, the habitually losing gambler who experiences a day when every bet he places is a winner. One night in Sydney, a homeless man asked Saunders for money for a room for the night: "I said, 'I'll do better than that, mate.' So I checked him into the Hilton Hotel. The next day the manager called me and said, 'There are a few items missing from the room.' The homeless guy had taken off with a phone, the iron and other knick-knacks. I apologised and said, 'Please excuse my friend. Just bill my credit card for the missing items.' "

It was nothing to spend $9000 in a single night paying for sex or to have a glamorous escort on his arm. Once the meter was off, they stayed with Saunders for the party that never seemed to end. He took two escorts to the Blue Mountains by helicopter and stayed at the $2000-a-night Emirates Resort. "I went horse riding with two escorts, for God's sake," he says.

Saunders felt he was dying in the foyer of Sydney's Shangri-La Hotel. His heart was jack-hammering in his chest and, bathed in sweat, he had to sit down before he collapsed. His distress was so apparent that a doctor who was passing approached to see if he could help. After examining him, the doctor told him he was having a panic attack. He must be working too hard, he said to Saunders, and wrote a script for Valium tablets, which were sent to his room.

Saunders thanked the doctor with a bottle of French champagne. More than two months into the fantasy, the anxiety of what might happen was taking its toll.

To Saunders, every adrenalin-filled day felt like it would be the last, but it just kept going and going. And, he says, NAB was right there all the time looking after its big-spending customer.

"They would regularly call me to ask if it was me using the accounts. I'd reply, 'Yes, that's me.' [The bank would say], 'Oh, no problem, Mr Saunders, sorry to bother you,' as well as send me letters with up-to-date details of how much I'd spent so far."

He estimates he eventually spent almost $500,000 in 4 1/2 months. (Bank sources estimate it was $300,000 but won't officially confirm the exact amount.)

With no hope of ever repaying it, Saunders had passed the point of no return. In one night at Sydney's Rockpool Bar and Grill, Saunders and his friends racked up more than $8000 on the MasterCard as he shouted drinks for the entire restaurant.

At Easter 2011, Saunders says he travelled to Sydney with $1.6 million on his MasterCard, funds he had transferred from the "credit card" option. It was a turning point. He could have transferred the money offshore and absconded but that would have meant leaving his mother, siblings and friends forever. He would, in effect, have become a different person, a crook. After so many months of running on adrenalin, he was exhausted. He was overweight and the panic attacks were becoming more frequent.

One day in May, Saunders saw a mirror image of the bank's "nab" logo on a bank shopfront and saw it spelt out "dan". He read it as a sign that this thing, whatever it might be, was reaching a crescendo. Or that he was descending into madness. By June he decided to stop the transfers. "The bank will tell you they stopped me, but really they didn't have a clue and will probably need me to show them how I did it at some point," Saunders says.

He said goodbye to his new mates and prepared himself for his imminent arrest. "The last thing I wanted was to have them dragged into it," he says.

Two weeks passed and he heard nothing. He went to a lawyer, who assured him the Victorian fraud squad would come for him but it would take time. So he rang the bank to move things along. "I was on hold for the longest 15 minutes of my life. Eventually the phone was passed to an older gentlemen called Bernie.''

"We won't be giving you any more money and we're pretty sure you know why," said Bernie. "I can't talk about this with you. It's in the hands of the police now.'' Saunders didn't get the chance to tell Bernie that he had $80,000 in a Hilton Hotel laundry bag that they were welcome to. Saunders went back to waiting for the police. He says he "did what any sane normal person would do in that situation" and returned to his suite at the hotel. He filled the bath with cash and kept spending until it was all gone in June. If it all sounds a bit too Hollywood to believe, it's because that's where he was drawing his inspiration, he says.

More than three years later, Saunders is still waiting for police to catch up with him. "Ultimately, I just want to feel normal again," Saunders says. "No one can give me a straight answer as to whether I'll be prosecuted and I'd much rather deal with this solo than down the track when I have a family."

Not that he has been idle. He returned to Victoria after the scam ended and got work as a waiter in a 400-seat restaurant in Melbourne's outer east. Over 18 months, he learnt the business was apparently losing money and the owners were trying to sell out. According to Saunders, staff and suppliers were owed tens of thousands of dollars by management and, when new owners took over, they promised all entitlements would be met. This never happened.

Appointed as general manager by the incoming owners, Saunders researched the background of his new bosses and found they had business and personal links with the previous owners that went back 11 years. He believed there was a conspiracy afoot to deprive staff and suppliers of what was owed to them.

So in January 2013, on three separate occasions, Saunders went into the restaurant after midnight and took a total of $21,000 in cash from the safe.

(The owners claim it was $30,000.) He says he distributed the money to staff and suppliers, keeping some for himself for unpaid wages and holiday pay. Then he took a dozen staff out for a meal at a fancy restaurant.

Again, authorities have been painfully slow in pursuing Saunders. A detective at a suburban crime investigation unit, Clayton Bickerton, contacted him by email and asked him to come in for questioning. But Saunders is not going to make it easy for the police and the restaurant's new owners to catch up with him. He's not hiding what he did: it was all captured on CCTV. Nor is he on the run, he says, but is instead waiting for the police to come to him.

Saunders says he would never have had the confidence to take the restaurant's money were it not for the NAB episode. "I kind of figured that things couldn't get any worse," he says. However, even after Saunders spoke of the bank scam to a newspaper and a television current-affairs program (albeit with his identity disguised), still nothing has happened. He remains in this limbo-like state.

Good Weekend has learnt that Bickerton has taken out an arrest warrant on Saunders but only for the alleged restaurant theft. The restaurant owner, who declines to be named, denies any conspiracy to leave staff and suppliers in the lurch over unpaid wages and bills. He says it's all made up by Saunders, whom he describes as a calculating criminal. "He's very charismatic and manipulative. He's very skilled at bringing people to his point of view," he says.

While the restaurant's owners are eager to bring Saunders to book, the bank seems strangely reticent. It's understood that police have spoken to the bank, but it has been reluctant to co-operate with an investigation into the fraud. It's understood the bank only lodged a complaint with police in 2013, almost two years after the fraud. The bank maintains that Saunders' trick was a one-off, a glitch in the system that has since been corrected. Experts say it's unlikely to be a one-off. If one person could stumble upon a way to create instant money, then professional crooks would have also taken advantage of the situation.

"It's probably that the bank is embarrassed that this has happened and would prefer that it go away," says one cyber-security expert who declines to be named. "It's a small amount for a bank that transfers $500 billion in total every year, but this may well be a serious vulnerability."

Sources within NAB tell *Good Weekend* that the money Saunders spent "did not come from other depositors", which confirms Saunders' suspicion that he was spending a kind of virtual money. As NAB is not pursuing Saunders for the funds, it's likely that the stolen loot has been written off as a bad debt. So shareholders have ultimately footed the bill for Saunders' wild ride. Remarkably, he still has an account with the bank.

In a statement, the bank tells *Good Weekend*: "We cannot comment specifically on this matter as it is currently under police investigation. However, we can say that any monies obtained by deception are liable to be repaid under law."

Even if the bank does not proceed against him, Saunders may be looking over his shoulder for years to come. Police in NSW, Queensland and Tasmania could independently pursue him for frauds committed while on his spree.

Saunders just wants the whole affair to end, even if it means jail. Life now seems dull and mundane. Perhaps it's his Christian Brothers upbringing, but a part of him wants to be punished, he says. He wants certainty back in his life, to face the consequences now. "It's so weird to do something like this and not to hear any more about it," he muses. "I have felt like a frog in a blender for the last three years. I'm just hanging around waiting for someone to push the button."

Lead-in photograph by Damien Pleming. All photographs: styling by Ricky James Flynn. Dan wears dinner suit by Henry Bucks, shirt by Abelard from Henry Bucks, bow tie by Lanvin, pocket square by Alexander McQueen, cuff links by Louis Vuitton, belt by Leyva, shoes by Loake, sunglasses by Dolce & Gabbana from Sunglass Hut. Citation Mustang jet thanks to Skypac Aviation, skypac.com.au.