

## V.F. SPECIAL

Inside Hollywood's Big Wiretap Scandal

**A SNEAK PEEK FROM THE JUNE ISSUE.** It looks as if the wiretapping investigation consuming L.A. may bring down some of the town's top names. From the details of Anthony Pellicano's electronic "War Room" to the P.I.'s most damaging cases, to the impact of his divorce and his delusions of Godfather grandeur, the authors have a road map to the biggest scandal in Hollywood history

By BRYAN BURROUGH and JOHN CONNOLLY

**B**ack before everything went wrong, before they discovered the wiretap transcripts and the hand grenades and the plastic explosives in his office, before he spent more than two years in federal prison, before a storm of indictments sent waves of fear cascading through the Southern California entertainment and legal communities, before the investigation into the ham-fisted intimidation of a reporter helped trigger the greatest scandal in Hollywood history, Anthony Pellicano was a family man.

Most every night Pellicano, the swaggering 62-year-old "private detective to the stars," the man who handled sensitive jobs for everyone from Michael Jackson and Tom Cruise to onetime Hollywood superagent Michael Ovitz, left his office on the third floor of a Sunset Boulevard high-rise and hopped into his black, two-seat Mercedes. He drove home to suburban Oak Park, where he and his fourth wife, Katherine "Kat" Pellicano, raised their children—three daughters and an autistic son named Luca. Kat was expected to have dinner waiting on the table, complete with dessert. Afterward, she might give Pellicano a massage or have sex with him.

For the Pellicanos, a pleasant evening might mean watching *The Sopranos* or one of the *Godfather* movies. Mafia rituals fascinated Pellicano, who grew up in Al Capone's hometown of Cicero, Illinois, and once listed the son of a reputed Chicago Mob boss as a creditor. In business, where he crafted a tough-guy persona designed to appeal to a clientele weaned on Jake Gittes and Sam Spade, he was a man who playfully brandished baseball bats, allegedly had a dead fish left on an opponent's windshield, and told clients they were joining his "family"—and no one hurt his family. He named his son after Don Corleone's favored assassin, Luca Brazzi. On occasion Kat felt he took the mafioso shtick a tad far. "There were times when he would make my children kiss his hand like he was the Godfather," she says. "He started to think he was Don Corleone."

Her husband could be controlling and temperamental, according to Kat, but for years she put up with his moods, in part because he had no one else. "I was his only confidante," Kat says. "He had no friends to speak of. On the weekends we rarely, and I mean rarely, had any friends over, and they were my friends—he had none. He just wanted to be with me. It was so bad that for years he would not let me talk on the telephone over the weekend."

By 1999, after 15 years of marriage, the Pellicanos were squabbling. That December, Kat encouraged her husband to buy a condominium on Doheny Drive, near his office, telling

him to sleep over there when he was working late. A few months afterward, when she threw Pellicano out of the house for good, the detective began living in the condominium full-time. The turmoil in Pellicano's private life, Kat and others speculate, made him sloppy, made him do things he wouldn't ordinarily do. "He was definitely distracted," says Rich DiSabatino, a Beverly Hills private investigator who probably qualifies as Pellicano's closest friend. "He was, in his mind, a family man, and he was losing his family."

In fact, the famous incident in which that dead fish was left on the hood of *Los Angeles Times* reporter Anita Busch's silver Audi came as Pellicano was desperately trying to reunite with Kat. Two months later, in August 2002, she allowed her husband to come home for a single Sunday, to see if he had really changed. In the old days, Sunday was a time of ritual in their household. Pellicano had his weekly massage promptly at six p.m., during which the children were ordered to remain silent, and afterward he would watch *The Sopranos*, a rite so solemnly observed "it was like he was going to church," Kat remembers.

It took only a few hours for Kat to realize that her husband hadn't changed. He remained prickly and cold. Finally, she says, "my oldest daughter came to me and whispered, 'Say the magic word, Mom, say the magic word.'" The magic word was "asshole," which always caused him to leave the house when Kat called him one. "Eventually, I said that magic word that day, he left, and I have not regretted it since."

That same August, *Vanity Fair's* Ned Zeman, who was investigating one of Pellicano's former clients, actor Steven Seagal, was driving through Laurel Canyon when a dark Mercedes displayed a flashing light in his rearview mirror. When Zeman rolled down his window, the Mercedes pulled up beside him. The passenger rolled down his window and rapped a pistol on the side of his car. Then he pointed it at Zeman. "Stop," he said, and pulled the trigger. The gun wasn't loaded. "Bang," he said.

A few weeks later the aging detective's divorce went through, and he lost his family for good. Two months after that the F.B.I. raided his office, and nothing in Hollywood will ever, ever be the same.

No scandal in Hollywood history can compare to the Anthony Pellicano wiretapping scandal. Not the Fatty Arbuckle murder trials, of the 1920s, not the killing of Lana Turner's lover Johnny Stompanato, in 1958, not director Roman Polanski's statutory rape of a 13-year-old girl, in 1977, not even the late-1970s *Indecent Exposure* embezzlement scandal involving producer David Begelman. "People out here, they're talking about this endlessly," says media magnate Barry Diller. "If you're talking to people in L.A. right now, it's the only topic."

The details are being uncovered by a federal investigation into the tactics of dozens of Los Angeles attorneys, who in turn represented over the years more than a hundred directors, producers, and movie stars, from Steven Spielberg, Nicole Kidman, and Stevie

Wonder to Chris Rock, Kevin Costner, and Demi Moore. History suggests that only a few are likely to be indicted, but until the case concludes, a wide swath of Hollywood's legal and entertainment establishments is living in abject fear.

Why? Because every disagreement in Hollywood—every divorce, every baby born out of wedlock, every contract dispute, every squabble between studios and talent agencies— involves attorneys, and for the last 20 years when things got nasty, L.A. lawyers turned to Anthony Pellicano, who monitored, investigated, intimidated, and in some cases wiretapped their opponents. After months of anticipation, the tip of this very dirty iceberg finally hove into view in February, when Pellicano and six of his flunkies, including two policemen, were indicted on various charges, including illegally accessing law-enforcement databases. A week later the billionaire financier Kirk Kerkorian's longtime attorney, Terry Christensen, became the first high-profile L.A. lawyer to be indicted, for allegedly paying Pellicano \$100,000 to tap the phones of Kerkorian's ex-wife, Lisa Bonder, during the couple's child-custody case.

In comments made after these indictments, the U.S. Attorney's Office indicated that more indictments are coming, and, several people close to the investigation say, they won't be limited to attorneys. Clients will be indicted, too. Which is why the story of Pellicano's fall is quickly changing from one man's personal and professional immolation to a broader, far more sordid exposé of the tactics that some of Hollywood's storied power brokers have used to stay in power.

"There will always be people who'll do the bidding of powerful and wealthy people," observes Gavin DeBecker, the noted security consultant. "I'm more curious about the people who do the hiring than about the guns for hire. The book wasn't called *The Luca Brazzi Story*, you know. It was called *The Godfather*."

**T**he Pellicano scandal has been simmering since 2002, since that dead fish was thrown on Anita Busch's Audi, along with a red rose and a note bearing the single word "Stop." At the time, Busch was writing about Steven Seagal and Michael Ovitz, both Pellicano clients. By the time Ned Zeman was accosted two months later, an F.B.I. probe of Pellicano was under way. It climaxed with the raids on Pellicano's office that November, in which two hand grenades, a wedge of C-4 plastic explosive, and thousands of pages of wiretap transcripts were found, as well as recordings encrypted on computer discs. An investigation that had initially focused on the intimidation of a journalist quickly grew into a broader probe of electronic eavesdropping.

Pellicano was indicted on weapons charges, copped a plea, and in 2003 was given a 30-month sentence in the Taft Correctional Institution, north of Los Angeles, while federal authorities attempted to understand his wiretapping activities. He was poised to emerge from prison in February 2006, when he was indicted again, this time with two former cops and two former employees of Pacific Bell, on 112 charges of wiretapping and of paying the policemen to illegally access law-enforcement databases. Pellicano remains in custody while rumors ricochet that he will begin "ratting out" his clients.

Those attorneys who used Pellicano's services and who have cases known to be under federal examination, or who have retained their own attorneys, include some of the best-known lawyers in Southern California: Dennis Wasser, the renowned Beverly Hills divorce attorney whose clients have included Kerkorian, Spielberg, Rod Stewart, and Jennifer Lopez; Martin Singer, who has represented Jim Carrey, Eddie Murphy, Jean-Claude Van Damme, Bruce Willis, and Celine Dion, and whose office number is said to have appeared on Pellicano's speed-dial list; the late Edward Masry, best known for spearheading the class-action lawsuit that inspired the 2000 movie *Erin Brockovich*; Charles N. Shepard, head of litigation at Greenberg Glusker Fields Claman Machtinger & Kinsella; two attorneys who have represented Pellicano, Victor Sherman and Donald Re; and Daniel G. Davis, a Beverly Hills criminal-defense attorney best known for his work in the late 1980s on the McMartin pre-school child-molestation case. (None of the attorneys or their representatives would comment for this article.)

**B**ut the "whales" in this investigation, the men whose futures are now being debated every night at the Ivy, Mastro's Steakhouse, and Koi, are three of the most powerful Hollywood figures of the last half-century: Michael S. Ovitz, the onetime head of the CAA talent agency and later the president of Disney, who dominated American film deals for two decades; Brad Grey, the chairman and C.E.O. of the Paramount Motion Picture Group, previously head of the talent-management firm Brillstein-Grey, and an executive producer of *The Sopranos*; and Bert Fields, the 78-year-old legal legend who has played a hand in almost every significant Hollywood dispute of the last 30 years. None of these three men has been indicted, and all deny any wrongdoing, but Fields has admitted to being a subject of the investigation, and Grey and Ovitz have been questioned. The cases cited in Pellicano's February indictment suggest that all three stand squarely in the U.S. attorney's crosshairs.

Pellicano, several sources say, worked for Grey off and on for years while Grey was at Brillstein-Grey. Ovitz was facing the collapse of his post-Disney start-up, Artists Management Group, when, in 2001, he reportedly hired Pellicano to probe several members of what he famously termed, in a *Vanity Fair* interview, a Hollywood "Gay Mafia" of his enemies, several of whom weren't in fact gay. (Ovitz has denied this, and said he hired Pellicano for other matters.) According to the indictments, Pellicano paid his cops to run background checks on several of these men. But it is Fields who may have the most to fear. According to Kat Pellicano and several of her husband's former employees, Pellicano considered Fields by far his most important client.

It was Fields who, according to former Pellicano employees, brought Pellicano into DreamWorks Animation C.E.O. Jeffrey Katzenberg's litigation with Disney's Michael Eisner, Tom Cruise's defense against a gay-porn star's sex allegations, Imagine Entertainment's suit against Mike Myers, and Kevin Costner's struggle with a difficult British fan, to name but a few. "He would speak to Bert just about every day," says DiSabatino, "and if he was working one of his cases, they would talk a few times a day."

Until Pellicano's indictment, in fact, Fields was probably his biggest fan, serving up adoring quotes for media profiles of him. "Time after time, Anthony comes up with the witness I'm looking for," Fields told a writer in 1992. "He gets me results, so I stick with him."

Kat Pellicano discloses a measure of how tight the two men became. "Six or seven years ago," she says, "Anthony comes home one night and tells me we are going to become Jewish and that Bert Fields has arranged conversion classes for both of us. I said, 'Anthony, with all that Italian and Catholic bullshit of yours and my being an almost atheist from Oklahoma, why the hell do you want us to become Jewish?' He tells me, 'Because Bert thinks it will be good for my business. Most of the lawyers out here are Jews, so it would be a good thing.' I refused to participate, and the idea eventually went away."

When Pellicano was arrested, in November 2002, Fields spearheaded an effort to raise money for Pellicano's children. Kat says of her husband, "He left us with nothing. That's why I became a real-estate agent." The president of a major studio, who says he has given testimony before the grand jury, recalls that Fields told him, "Anthony has no money, and he's not going to be able to take care of his kids. A group of us should pitch in and do something for him."

"Subsequently, Anthony and I spoke," says the studio president, "[and] he gave me a list of people to call." The list, which numbered 20 to 30 people, was a Who's Who of Hollywood power players, including Ovitz and producer Jerry Bruckheimer. Several of them promised to contribute, but as word of the wiretapping probe spread, all but the studio president and a producer dropped out. When Pellicano heard about this, the studio president says, he responded, "If no one else is putting up the money, then I don't want it."

As pressure grows on Pellicano to testify against his former clients, a lot of people may wish they had been more charitable.

**D**etective agencies in America run the gamut from large international outfits such as Wackenhut and Kroll Inc., who handle security and investigations for companies worldwide, all the way down to storefront solo proprietors, typically former policemen. In size, the Pellicano Investigative Agency, which usually employed five or fewer investigators, fell low down the scale, though the publicity Pellicano drew in myriad media profiles made him seem more significant. He commanded a niche business, but that niche was Hollywood, which made him a household name in some very powerful Los Angeles households. Outside L.A., however, the few private investigators who knew of him considered Pellicano a cartoonish character.

"Before this, I'd never heard of the guy," the C.E.O. of a top New York agency told me. "No, check that. I read about him in *Vanity Fair*. Guy seemed like a real nut job." The noted San Francisco P.I. Jack Palladino says of Pellicano, "I never took the guy seriously."

The way he bragged openly about wiretaps and baseball bats, I mean, I just thought it wasn't real. I didn't understand that his Hollywood clientele lived in that same *film noir* world and accepted it as real."

In the national investigative community, in fact, there is a sense that Pellicano could have thrived only in L.A. His mock-mafioso act was tailor-made for Hollywood, which expects a private detective to act the way detectives do in the movies, where illegal activities such as tapping telephones and bribing cops are routine. Peers who know him, like Palladino, suspect Pellicano became so wrapped up in his fantasy he lost touch with reality. The irony, they say, is that the background checks he allegedly bribed policemen to run can often now be accessed in publicly available databases.

"You have to understand, a lot of what he did was unnecessary," says Palladino. "He was asking for information he could have gotten otherwise. Either he really didn't understand how much is now available or he was just too lazy. I mean, this is not how anyone else in this business does business. It's the way it is in the movies. And, unfortunately, he had this L.A. community—they're like politicians, they don't have much to do with regular people. They don't know much about the real world. They don't know much about boundaries or rules. They're rich and spoiled and out of touch. And this was a guy who reflected their reality, which was the reality in films."

Wiretapping, though prevalent in films, is almost unheard of today, several leading private detectives say. It was more common in the 1950s and 60s—the famous San Francisco P.I. Hal Lipset bragged of bugging the olive in a suspect's martini—but the government scandals of the 1970s led to tightened privacy laws, which can carry heavy penalties for electronic eavesdropping. None of the detectives interviewed for this article could recall a single instance in recent years of a P.I.'s being prosecuted for wiretapping. "Clients always want us to check their phones for taps, but I don't think I've ever come across a flat-out wiretap in all my years in the business," a veteran New York investigator says. "It's just not done anymore."

**B**ut Pellicano was proudly old-school. He played the part of "Hollywood detective" as if in a movie—double-breasted suits, patent-leather shoes, opera on the office speakers—and over the years any number of producers, including Brad Grey, Michael Mann, and Jerry Bruckheimer, talked of putting his life on film. Life inside the Pellicano office, however, was less *Magnum P.I.* than *Raging Bull*. Pellicano preferred his assistants young and beautiful; his executive vice president, Tarita Virtue, 36, who says she was the only employee allowed into the secret room where his wiretaps were monitored, once posed in lingerie for *Maxim*. Pellicano mused about arranging a *Playboy* layout on "The Girls of Pellicano."

Yet between their boss's flirtations and his bellicose management style, few stayed long. "I always thought when people left Pellicano they should be entitled to therapy instead of severance," says Denise Ward, a P.I. who toiled six years for Pellicano and dated him as well. "He constantly screams and yells and threatens everyone who works for him. I

would ask new employees, 'Are you on Prozac yet?'" Adds another former Pellicano employee, "At one point every one of us in the office was on anti-anxiety and/or anti-depression medicine."

But as difficult as he could be, Pellicano got results. Celebrities preoccupied with their images found him the perfect antidote for stalkers, troublesome lovers, and the mothers of accidental children. As the Louisville Slugger he liked to fondle attests, Pellicano had no qualms about using threats and intimidation. The Hollywood Hills are teeming with ex-wives, ex-lovers, journalists, and former business managers who swear Pellicano had them followed, wiretapped, threatened, roughed up, or worse. The most common stories one hears are of people having their homes watched and being followed in their cars by large men—one or two claim to have been driven off the road by them. Pellicano was especially good at identifying an opponent's weak spot and attempting to exploit it.

To cite just one example, consider how he dealt with one of Brad Grey's adversaries, a writer-producer named Bo Zenga. Zenga had sued Brillstein-Grey Entertainment, claiming they ignored a verbal producing agreement for 2000's *Scary Movie*. Pellicano's indictment indicates Zenga was one of the many Hollywood figures he allegedly wiretapped and investigated by paying a local policeman to run an illegal background check. With that information, Zenga believes, Pellicano learned that Zenga and his sister had co-signed a mortgage on his elderly mother's home in New Jersey. At the time, Zenga's mother, who had diabetes, was blind and confined to a wheelchair.

"When Pellicano learned that I had that mortgage, he made a pretense call to that number, and my mother answered," Zenga says. "He repeatedly called my mother and would terrify her. He told her that unless her son dropped the lawsuit her daughter would lose her house; she, her daughter, and grandson would be homeless; and he would see to it that her son went to prison. When that didn't work, he tried the goombah bit. He told her that he was the father of nine children and like her always worried about them. He did everything he could to get her to convince me to drop the lawsuit. He continued until the day she died from a stroke. This guy is pure evil."

**T**he grandson of Sicilian immigrants, Pellicano was born in 1944. His grandfather Americanized the family name, Pellicano, to Pellican, but Anthony, proud of his roots, restored the name to Pellicano as an adult. A self-described "young tough" on the streets of Cicero, he was kicked out of high school for fighting. He joined the U.S. Army Signal Corps, where he was trained as a cryptographer. After his discharge he took a job with the Spiegel catalogue in Chicago and was placed in collections, where he tracked down delinquent customers. He was good at it. In 1969, at the age of 25, he decided to hang out his shingle as a private investigator.

From the beginning, Pellicano had panache. He drove a huge Lincoln Continental, sealed his letters with monogrammed wax, and hung samurai swords in his office. At various times he gave his employees and family members necklaces bearing a small golden horn he said contained a strand of his hair. Much of his early work involved missing persons.

A 1978 article claimed that he had found 3,968 of them—which works out to 440 people a year, more than one a day. Hyperbole was in his blood, however, which made him a magnet for Chicago reporters, who year after year filed into his office—done in a silver-and-blood-red color scheme—to fill their notebooks with stories. Coverage brought customers, including a celebrity or two; at one point, Yoko Ono hired Pellicano to find her missing daughter, Kyoko.

From his earliest days, Pellicano had an obsession with electronic gadgetry. He kept \$200,000 worth of it in a back room he called the "bat cave" and claimed to have found dozens of listening devices for clients ranging from housewives to, he said, the government. His first serious publicity, in fact, came in 1973, when he claimed to have found a bug in the phone of an aide to Illinois secretary of state Michael J. Howlett, sparking a mini-Watergate scandal that put Pellicano on the front pages.

Pellicano's big break was discovering Mike Todd's body in a pile of leaves in a Chicago cemetery that police detectives had repeatedly searched. The legendary showman and producer had died at the age of 48 in a plane crash in 1958, a year after he had married the 24-year-old Elizabeth Taylor. In 1977 his grave was emptied by looters searching for a diamond ring. Pellicano was able to lead reporters directly to the body, an achievement detectives found suspicious. The resulting plaudits put Pellicano on the map in Hollywood and, in 1983, after a difficult divorce from his second wife, Angie, he made the move to Los Angeles.

His rapid rise there was facilitated by his first client, Howard Weitzman, who hired Pellicano when Weitzman was defending auto magnate John DeLorean on cocaine-trafficking charges in 1984. It was Weitzman who introduced him to the world of celebrities, as did Don Simpson—Jerry Bruckheimer's partner. The wild-eyed Simpson, whose vast appetite for drugs and prostitutes remains a legend a decade after his death, found in Pellicano someone who could make his sins go away. (Hence, one of Pellicano's nicknames: the Sin Eater.) He used Pellicano when a former employee sued him for emotional distress, and in quieter cases, including an incident in which a doctor friend overdosed at his Bel Air mansion.

"Simpson would often ramble on that 'I'm going to get Pellicano to do this' or 'get Pellicano to do that,'" says one of "Hollywood Madam" Heidi Fleiss's former girls, Alexandra Datig. "At the time, few of us took it seriously."

By the early 1990s a number of lawyers were turning to Pellicano to make their celebrity clients' problems disappear. When a British tabloid linked Kevin Costner to a young fan, Pellicano helped get the story killed before it reached the U.S. media. When James Woods was being bothered by Sean Young, Pellicano helped out. When Farrah Fawcett had trouble with a boyfriend, she hired Pellicano. When Roseanne wanted to find a long-lost daughter, Pellicano. When Stevie Wonder needed information about a girlfriend, Pellicano. When O. J. Simpson—before his murder trial—reportedly had a troublesome

secretary, Pellicano. "Anthony is one of those people, shall we say, who is a lion at the gate," Don Simpson once said. "He is not a man to be on the wrong side of."

**P**ellicano could be startlingly candid about his methods. On a celebrity's behalf, he found that an effective way to make an inconvenient lover go away was "counter-blackmail." A girl sues an actor for palimony? Pellicano would dig into her past and find something—a prostitution arrest, drugs. Men weren't so easy. "If you can't sit down with a person and reason with them," Pellicano told *GQ* in 1992, "there is only one thing left, and that's fear. Of course, law-enforcement authorities don't want to hear stuff like that, know what I mean? But it happens every day."

He was Hollywood's best-kept secret. Until 1993. That was the year Pellicano emerged from the shadows onto the national stage, taking high-profile roles on behalf of movie executive Michael Nathanson, who hired him to show he "never did business ... on any level" with Heidi Fleiss, and Michael Jackson, for whom he spearheaded the defense against a 13-year-old boy's allegations of child molestation, by digging up embarrassing information about the boy's family. For following and monitoring scores of witnesses and reporters, Pellicano received not only a Mercedes but a \$2 million fee, his best payday ever. The Jackson case, during which Pellicano appeared at a press conference with Howard Weitzman to vilify the accuser's family, spawned profiles in *The Washington Post* and *People*. The 1992 *GQ* piece, by Peter Wilkinson, also fired the Pellicano legend. In it, Pellicano admitted accessing certain databases "without permission." Asked how he handled a client's cocaine-addled son, Pellicano answered, "I just used a bat."

That \$2 million fee, however, brought Pellicano into conflict with one of the few outfits more tenacious than he: the Internal Revenue Service. According to several people close to him, Pellicano reported only \$1 million of the fee as income. The other \$1 million, Denise Ward says, was reported as a loan: "I remember one morning when he opened his mail with the letter from the I.R.S., he jumped on his desk and started screaming, 'Abandon ship! Abandon ship! We're out of business!' Women were crying and screaming in the office. Fortunately, Rich DiSabatino was in the office and pulled him aside and calmed him down. I understand it took him a few years to pay off the I.R.S."

**n**o one knows when Pellicano first tried to wiretap a telephone, but by the mid-1990s he seems to have been attempting to perfect his technique. Around 1995 he hired a self-taught computer programmer named Kevin Kachikian—who was also indicted in February—to create software that would intercept telephone calls. They named it Telesleuth. In November 1995, Pellicano had an attorney from Bert Fields's firm apply to trademark the name. Later, Kachikian developed another program, called Forensic Audio Sleuth, which was able to analyze and enhance audio recordings. Again using an attorney from Fields's firm, Pellicano applied for a trademark. Fields has said he didn't work on such matters, and a spokesman for his firm has said they believed the software was created to aid on cases Pellicano worked on for law-enforcement outfits.

By early 1997, Pellicano was apparently ready to use Telesleuth in earnest. To arrange the wiretaps, according to the indictment, he bribed two Pacific Bell workers—one was indicted in February. A former Pellicano employee explains that additional telephone wiring was clipped inside the box at the phone company. (It was never necessary to break into a location.) When a call came in, Telesleuth automatically recorded it and relayed it to a Macintosh computer in Pellicano's Sunset Boulevard offices. His indictment suggests that Telesleuth's first use was against a Los Angeles real-estate developer, Robert Maguire. Beginning around September 1997, Pellicano allegedly used the program to wiretap Mark Hughes, the late founder of Herbalife, who was then engaged in a nasty divorce.

According to former employees, the wiretapping operation became the secret heart of Pellicano's business—the one unique service he could market to clients. According to Pellicano's former executive vice president, Tarita Virtue, who described the wiretapping setup in a series of interviews with *Vanity Fair*, the single Macintosh soon became five, lined up in a small locked office Pellicano called "the War Room." Only Pellicano, Virtue, and Kachikian had access to the room, whose only other furniture was a row of filing cabinets. Pellicano and Virtue alone had codes to use the Macs. The operation had one drawback: the Macs could receive wiretap recordings only from their own, 310 area code. To tap phones in the 323, 213, 626, and 818 area codes, Virtue says, Pellicano had to rent an apartment in each where he could stash a Macintosh and a detachable hard drive. When one of these computers was used, Pellicano would switch out the hard drive every few days, bring it to his office, and download the recordings.

The recordings were typically crystal clear. The problem became the sheer volume of them—thousands and thousands of telephone conversations, everything from a target's confidential discussions with his attorney to chats with his orthodontist, according to Virtue. To home in on the most promising ones, Kachikian's software could graph a recording's volume; Pellicano could then go directly to a conversation in which his subject had raised his voice, often a sign that something emotional was being discussed. Virtue did most of the initial scanning. When a wiretap yielded something especially useful, she says, she forwarded it to Pellicano's computer with the data displayed in red lettering, signifying that it was urgent.

In most cases, Virtue asserts, the detective refrained from telling attorneys where the wiretapped information came from. He would begin a briefing by saying, "My sources tell me ..." or "It's been brought to my attention ..." But he apparently wasn't always so careful; the indictment of Terry Christensen cites numerous conversations in which Pellicano told Christensen exactly what he was doing. Besides, Pellicano liked to brag, and in time, any number of his peers and clients say, he told them he was tapping telephones. "Everyone knew that Pellicano was constantly tapping people," says Jack Palladino. "He would also illegally tape his own clients and their attorneys and then play tape recordings of those conversations to impress [them]."

There are many in Hollywood who say Pellicano bragged to them of his wiretapping prowess. A woman named Corinne Clifford, a figure in a child-support case Pellicano worked on for Dennis Wasser, describes an evening in 2003 when the detective tried to seduce her at his condominium. After an unsuccessful bid to get her to watch a video of certain celebrities having sex, she says, Pellicano claimed he had bugged Nicole Kidman and Kirk Kerkorian's wife—both involved in cases he had also worked on. "I'm the No. 1 private eye in the world," Pellicano boasted, according to Clifford. "I made Dennis Wasser's career."

In the face of his own indiscretions, Pellicano re-doubled his security systems to safeguard the War Room. There were security cameras throughout the office. Internal doors could be opened only with pass codes. "Even his own wife was not allowed into the office," one employee remembers. "I once let her and Luca into the office. Pellicano had headphones on and the kid slapped his father in the head. Pellicano went crazy, screaming, 'Who the fuck let these people in here?'"

Pellicano's reliance on wiretapping is viewed by several of his peers as an admission of his greatest weakness. Modern investigators work mostly for attorneys and spend much of their time identifying, cajoling, and interviewing people who might give testimony to help an attorney's case. Yet Pellicano lacked the common touch—some say the patience and temperament—to soothe and coddle potential witnesses. When he needed "street work," Denise Ward handled it. "Anthony hadn't been out in the field for years," says Rich DiSabatino. "He literally didn't know his way around town." Rather than work the field, Pellicano cut corners by wiretapping. First-person information could be obtained faster and was inherently more reliable than that gotten from third parties. Wiretapping also gave Pellicano ready access to a trove of personal information, including credit-card numbers and a variety of secret passwords. "We had anything we wanted," says a former employee. "We could do anything we wanted to you."

The only problem, unfortunately, was that Pellicano's eavesdropping operation was 100 percent illegal. "In our business, wiretapping is a shortcut," says DiSabatino. "To suicide."

Pellicano also used a second shortcut: the bribes he allegedly paid policemen to search law-enforcement databases. One, a Los Angeles cop named Mark Arneson—also indicted in February—became a fixture in Pellicano's cases, according to the indictment. Arneson was "an arrogant guy, and I told Anthony just that," says DiSabatino. "Pellicano would call him, and the guy had the balls to send him information that he had illegally obtained with his name and police identification right on top. I once saw a report from Arneson to Pellicano, and it said, 'Sgt. Mark Arneson, Official Inquiry.'" (Arneson did not respond to repeated phone calls.)

There in his camera-lined bunker, high above Sunset Boulevard, listening with his black headphones to wiretaps and allegedly paying bribes to policemen and Pac Bell workers, Pellicano should have been home free. If he had been smarter, he probably could have gone on wiretapping half of Hollywood for years to come. Maybe it was hubris. Maybe it

was losing his family. But after Kat asked for a divorce, in early 2000, signs of carelessness crept into Pellicano's operation. On one notable occasion, he is said to have allowed a pair of outsiders into the War Room to listen to wiretaps. It was this incident, it turns out—and not the fish on Anita Busch's Audi, as previous reports suggest—that first brought Pellicano's secret world to the F.B.I.'s attention.

**T**he saga of the Nicherie brothers and the Shafrir family is one of those "only in L.A." tales that make your head hurt. According to a lawsuit and people involved in the case, the story is a complex one, including the following allegations: Daniel and Abner Nicherie were Israeli con men, who, in the late 1990s, targeted a fellow Israeli, Ami Shafrir, who owned several Beverly Hills office buildings. Posing as legitimate businessmen, they succeeded not only in swindling Shafrir out of around \$40 million—but also in persuading his wife, Sarit, to work alongside them, convincing her that Ami was a criminal, according to a lawsuit filed by Ami.

When Ami sued, the Nicheries responded with a barrage of legal artillery, eventually hiring 40 separate Los Angeles attorneys to countersue. After a referral from one of these lawyers, Victor Sherman, they allegedly paid Pellicano \$50,000 to wiretap Ami. Pellicano told the Nicheries he could use customized electronics to cause interference on Ami's cell phone, which would force him to use the wiretapped landline more often. The Nicheries understood Ami was being bugged, although Pellicano initially refused to let them listen in.

But the Nicheries were eventually given access to the recordings because Ami sometimes spoke in Hebrew, and Pellicano couldn't understand a word. He made the two brothers swear that what they heard would remain confidential. On several occasions they arrived at Pellicano's office after hours, allowing themselves to be frisked and turning over their cellular phones. Unbeknownst to Pellicano, however, Daniel Nicherie had secreted a tiny cell phone in his sock, which he used to allow Ami's wife, Sarit, to listen in on the wiretap recordings.

Sarit Shafrir, a stylish woman in her 50s, heard dozens of Ami's conversations this way; sometimes the Nicheries would call from Pellicano's office and play back a tape, other times they would leave a recording of the wiretap on her answering machine. In time, the Nicheries and Pellicano began speaking of ways to put Ami in jail by framing him; one involved planting cocaine in the trunk of his car and having a Beverly Hills policeman on Pellicano's payroll pull him over.

It was then, people familiar with Sarit's story say, that she began having second thoughts about the Nicheries. Sensing this, the brothers threatened her, telling her she and her two children could be "barbecued" when their home went up in flames. Daniel Nicherie emphasized that there was nothing Sarit could do against them; Daniel told her that Pellicano had his offices wired with plastic explosives. If she told the authorities about the wiretapping operation, a single cell-phone call, Daniel claimed, would allow

Pellicano to blow up all the evidence. (Attorneys for the Nicheries did not respond to calls for comment.)

After months of worrying, Sarit decided to turn on Pellicano and the Nicheries and contact the F.B.I. But she was so afraid of Pellicano's capabilities she flew to Israel in order to telephone the bureau's L.A. office from a foreign country. When she returned, in August 2001, she met an agent in a public place: the Beverly Hills Public Library. There, hidden deep in the stacks, she told the agent everything she knew about Pellicano's wiretapping system. To her amazement, the agent appeared skeptical. "He said it was impossible," says a person familiar with the story, "that it would take a 'tremendous infrastructure' to do something like that."

The agent seemed unconvinced even when Sarit described a wiretapped conversation she had heard between Ami and another F.B.I. agent, who was investigating Ami's complaints about the Nicheries. Sarit suggested that the F.B.I. send in someone undercover. "Do what I did," she insisted. "Go to Victor Sherman—he'll get you to Pellicano and you can see the whole setup!" The agent scribbled down everything she said. But as Sarit waited for an F.B.I. raid on Pellicano's offices in the coming months, nothing happened. Nothing at all.

None is suggesting that the F.B.I. "covered up" for Pellicano, but the bureau's skepticism was probably influenced by the perception that Pellicano was in some ways "one of their own." Pellicano had been handling audio-analysis tasks—cleaning up, amplifying, and identifying legal wiretaps—on F.B.I. cases since the mid-1990s. In 1997 he served as an expert witness for the federal prosecution of a murderer in Miami. As late as 2001 the F.B.I. retained Pellicano to analyze federal wiretaps during the Arizona narcotics-trafficking trial of New York Mafia hit man Sammy "the Bull" Gravano. At his home Pellicano kept a collection of plaques and glowing letters from F.B.I. officials.

"We worked for the F.B.I. on a number of cases," says a onetime Pellicano employee. "I [once] told Pellicano, 'We're doing bad shit in here. Aren't you worried that [F.B.I. agents] may have slipped a bug in?' He said, 'I'm not worried about it!'"

"Everyone knew what he was doing," says a person involved in the Shafrir case. "But not the feds. The feds didn't have a clue."

The longer his wiretapping activities went undiscovered—or at least unpunished—the more brazen Pellicano became. Kat and his closest intimates, Rich DiSabatino and Denise Ward, believe his marital troubles distracted him. "He was devastated when I asked him for the divorce," Kat asserts. "He really became unglued. He lost it." As he attempted to re-unite with Kat, Pellicano's world shrank. He ate most nights, often with Ward or DiSabatino, at one of four restaurants, including Le Dome and Mastro's. "He never traveled more than a half a mile from his office," Ward asserts.

"It bothered him about his kids—he lost his older kids [Pellicano's five children from earlier marriages], and he didn't want to lose the four younger ones," says DiSabatino. "Once his divorce came into play, there were definitely times when he realized that, 'Hey, I'm not as young as I used to be. I can't go and hit on women.' He constantly said that, that he looked in the mirror and saw a 25-year-old and everyone else saw a 55-year-old."

Pellicano's midlife crisis was gathering steam in June 2002 (nine months after Sarit Shafrir's accusations) when that fateful fish landed on Anita Busch's Audi—a job, it's been shown, carried out by a Pellicano flunky named Alexander Proctor. Busch had just moved to the *Los Angeles Times*, after co-authoring six articles about Michael Ovitz's failing Artists Management Group for *The New York Times*. She believed from the outset the warning was Pellicano's handiwork.

**T**he F.B.I. quickly identified and detained Proctor, who claimed responsibility and said Pellicano had hired him. The bureau's initial interest in Pellicano was the Busch incident; only as agents began interviewing former employees and Pellicano targets did the first hints of illegal wiretapping start to interest them. Pellicano quickly caught wind of the F.B.I. investigation and did what he could to stop it.

In time, though, Pellicano saw the handwriting on the wall. After being questioned by the F.B.I., he called in Rich DiSabatino and handed him \$25,000 worth of electronics, including oscilloscopes. "I'm cleaning house before [the F.B.I.] comes back," he said, according to DiSabatino. He was arrested after the F.B.I. raids that uncovered the weapons in November. At a bail hearing, most of his employees showed up, as did two longtime clients, Dennis Wasser and Martin Singer. Bert Fields even wrote a letter to the judge indicating Pellicano wasn't a flight risk. By then, however, several people, including Tarita Virtue, Denise Ward, a technical expert named Wayne Reynolds, and at least two other office assistants, were cooperating with the F.B.I. Virtue went into hiding, but Pellicano phoned her parents. "I know your daughter's testifying," he told them, according to someone familiar with the conversation. "That's a damn shame."

During two separate searches, F.B.I. agents had invaded Pellicano's War Room and carted out 11 computers, including the five Macs, 23 external hard drives, a Palm V digital assistant, 52 diskettes, 34 Zip drives, 92 CD-ROMs, and two DVDs. An F.B.I. agent named Elizabeth Rios assembled a team to begin inspecting and copying everything that was seized. It was an arduous task. Copying a single hard drive took at least 10 hours. Some took as long as two days. Many of the diskettes were encrypted, which made them even harder to decipher. It took months for the F.B.I. agents to digest it all, but when they did, it was obvious to everyone involved that they had found the mother lode.

**T**he indictments against Pellicano, which list more than 112 instances in which the private detective allegedly engaged in wiretapping or illegally accessing law-enforcement databases, provide a road map of the cases the U.S. attorney is investigating. Those who

were wiretapped, the indictments allege, run the gamut from minnows such as Monika Zsibrita, a model who unsuccessfully claimed that the comedian Chris Rock had fathered her child, to fish as large as Sylvester Stallone.

One of the most significant cases now under scrutiny involves Michael Ovitz's complaints against his "enemies," in which Pellicano began to investigate them in 2001; the indictments allege that Pellicano paid policemen to run background checks on six people, including talent agents Bryan Lourd and Kevin Huvane of CAA (motor-vehicle records searched, August 2001); *New York Times* reporter Bernard Weinraub (F.B.I. database, May 2002); Arthur Bernier, a former employee who had sued Ovitz for wrongful termination (F.B.I. database, May 2002); and James Casey, who had sued for a referral fee he felt he was owed by the firm. Ovitz, through his attorney, has denied any knowledge of these searches.

The one Ovitz "enemy" Pellicano is known to have wiretapped was Anita Busch, whose phone remained compromised up until the month of the F.B.I. raids. However, there is no evidence that Ovitz knew of the wiretap, nor that his interest in Busch had spurred it. Prosecutors, however, are known to be examining whether Ovitz was behind the intimidation of Busch. Initially, speculation had centered on Steven Seagal, but the F.B.I. has all but cleared the actor of involvement. At least two witnesses have been questioned by the grand jury about Ovitz's links to the incident. (The U.S. attorney, Dan Saunders, declined to confirm whether Ovitz was a subject of the investigation, saying, "We do not comment about ongoing investigations.") Marshall Grossman, Ovitz's lawyer, denies that Ovitz is being investigated and says he had no connection with the crime, claiming, "At the time he allegedly hired a third party to threaten Ms. Busch, Mr. Pellicano was not in the employ of Michael Ovitz."

No previous accounts of Ovitz's relationship with Pellicano suggest that the two worked together before 2001. But, according to a former Pellicano employee, Pellicano had done personal work for Ovitz since at least 1996. "When Ovitz was leaving Disney," this employee says, "he became Anthony's biggest interest, meaning most important client. They were good friends and would speak to each other on a daily basis. Ovitz would often come to the office, and Anthony helped him set up his office in Santa Monica. It went on for months, with Anthony going out to Ovitz's office almost daily. Anthony helped install the security and phone systems at Ovitz's office."

One facet of Pellicano's work for Ovitz in 2001 involved the billionaire investor Ron Burkle, who was threatening to sue Ovitz over a failed Internet venture. Pellicano, who was near the height of his personal troubles at the time, turned to Rich DiSabatino for help. "Anthony called me and asked me to work on a case with him; it had come from Bert Fields," says DiSabatino. "He asked if I would help him work on three people from CAA and Ron Burkle. He told me that my end could be as much as \$100,000. He indicated that he was going to tap people's phones. I passed. I didn't need that grief in my life."

In fact, DiSabatino was alarmed. He was friends with Kevin Huvane, at CAA, and with one of Burkle's security men. He says he called both men and warned them that their phones might be tapped. Burkle, in turn, reached out to Pellicano via a mutual friend, the producer Steve Bing, who had reportedly hired Pellicano during a much-publicized paternity dispute with the actress Elizabeth Hurley. Bing arranged a meeting, and Pellicano agreed to refrain from wiretapping Burkle. In time the two men struck up a kind of friendship. At one point, Pellicano and his children spent a weekend at Burkle's weekend retreat in La Jolla. Their friendship suggests a possible solution to one of the case's minor mysteries—an explanation for some of the \$200,000 the F.B.I. found in Pellicano's safe.

According to Burkle, Pellicano approached him with a proposal just days before he went to prison. He offered his services, promising to do "anything," if Burkle would give him money. When Burkle declined, Pellicano said his decision not to wiretap Burkle had cost him a \$200,000 fee from Ovitz and Fields. He demanded that Burkle make up for the lost money. Burkle says he refused. But Bing did pay Pellicano between \$100,000 and \$200,000 around the same time, according to Burkle. "I didn't pay Pellicano anything," Burkle says. "I know Steven gave him \$100,000 or something like that. I don't know if it was for me or for what Pellicano did for Steven in the Liz Hurley paternity case." Bing declined repeated requests to be interviewed for this story.

**T**he Pellicano indictments refer to two cases Pellicano worked on Brad Grey's behalf: legal battles involving Bo Zenga and the comedian Garry Shandling. But former associates of both men say Grey's dealings with Pellicano were far more extensive. A former Brillstein-Grey executive says Grey used Pellicano for work on behalf of any number of his clients, including Brad Pitt, Adam Sandler, and the late Chris Farley. "There wasn't a day that I didn't hear the words 'Anthony Pellicano' come out of Brad's mouth," this executive says. "He would be using him for this client or that client. This one had a problem that only Tony could solve. It was disgusting. Here is this big management firm and they're using a street thug to clean up problems for some of the biggest stars in Hollywood."

An amended lawsuit filed by Zenga in March—against Grey, Pellicano, Bert Fields, and Fields's firm, Greenberg Glusker—gives a sense of how Pellicano's wiretaps might have helped Grey in business. The wiretapping had come into play in the earlier lawsuit Zenga filed against Grey over Zenga's claim that he was entitled to profits from *Scary Movie*. One day after Zenga's attorneys put Grey through a grueling three-day deposition, in February 2001, the new suit alleges, Pellicano began doing illegal background checks on Zenga and one of his attorneys. According to the suit, on February 14, Pellicano began circulating summaries of Zenga's private conversations with his own lawyer—information he presumably received from a wiretap on Zenga's telephone.

The taps gave Grey a critical advantage in the litigation, the new suit alleges. When Zenga criticized his partner Stacy Codikow in one conversation, the suit alleges, Grey's attorneys were able to use the information to drive a wedge between Codikow and

Zenga—a split that eventually caused Codikow to reverse critical testimony that, Zenga's attorneys say, ultimately caused Zenga to lose the lawsuit against Grey.

"Pellicano appeared to be everywhere all at once," says Zenga's attorney, Gregory Dovel. "We were litigating this case, and he's brought in—suddenly he's in touch with all our witnesses. It was like living in an upside-down world. Stacy Codikow had been a friend of Bo Zenga's for years. She testified one way, and then after Pellicano's involvement she was saying the exact opposite. Much of what she was saying was so unsupported that she eventually backtracked from it." Codikow didn't return phone calls seeking comment for this article.

Shandling and Grey, his longtime manager, fell out in 1998 when Shandling sued him for \$100 million, alleging that Grey cheated him out of earnings from his hit comedy, *The Larry Sanders Show*. Grey countersued. He hired Bert Fields to handle the litigation, and Fields brought in Pellicano. Between January and March 1999, the indictment alleges, Pellicano had a policeman run unauthorized background checks on Shandling, a onetime girlfriend of his, his personal assistant, his business manager, and a friend, the actor Kevin Nealon. Several sources say Shandling and others were wiretapped as well.

At the time, Shandling had hired Gavin DeBecker to aid in his defense, and DeBecker warned the actor about Fields and Pellicano. "It is pro forma for you to advise clients to conduct sweeps of their telephones in matters in which Bert Fields is involved as the opposing counsel," DeBecker said in a deposition. When asked to explain, DeBecker answered, "I advise clients of mine to look out for their overall privacy during suits with Bert Fields because he engages and is widely known to use [Pellicano], who uses extra-legal tactics. When you have him on the other side of a case you need to be concerned about your privacy. The nature of whether your garbage is being stolen. Whether or not listening devices are placed. For that reason, I recommended that [Shandling] be certain that the privacy of his home and office were assured."

Unlike some Fields clients, who never dealt directly with Pellicano, Grey became personally involved. At the height of their business relationship, a former Pellicano employee says, "Grey and Pellicano would be on the telephone to each other at least once a day, every day." (A spokesman for Grey maintains that Grey was "casually acquainted with Pellicano. Mr. Grey never hired Pellicano or recommended to his clients ... that they hire him. Mr. Grey had no knowledge of any illegal activity by Mr. Pellicano.")

According to another former employee, Pellicano once gave Grey an eight-inch-long, silver-plated switchblade knife for Christmas, prompting Grey to tell a fellow executive, "That's Tony for you. You know how crazy he can be." Grey admired Pellicano so much, the former Brillstein-Grey executive says, that, when James Gandolfini briefly walked off the set of *The Sopranos* in a salary dispute, Grey considered replacing the hit HBO drama with a show based on Pellicano's life. A screenwriter named Ann Biderman was hired to write a script. The project died, however, when Gandolfini returned and Pellicano and Biderman fell out over writing credits and fees.

The Grey-Shandling litigation was settled in July 1999, when Grey agreed to pay Shandling more than \$10 million. Three years later, when the F.B.I. raided Pellicano's offices, agents found a trove of information about Shandling and his associates. Shandling and others have now testified before the Pellicano grand jury.

**A**nother name that surfaces in the investigation is Kirk Kerkorian, the 89-year-old billionaire who once owned MGM, is the largest shareholder in General Motors, and has launched unsuccessful takeover attempts against Chrysler and other major American companies. An avid tennis player, he had been dating a former tennis pro named Lisa Bonder for 11 years when, in 1997, she became pregnant. The subsequent marriage lasted 28 days. In 1999, Bonder asked a California judge for a record \$320,000 a month in child support, including \$6,000 a month for house flowers and \$150,000 a month for private-jet travel. Her request was undermined, however, when a test indicated that Kirk was not her daughter's biological father. A judge eventually ordered Kerkorian to pay Bonder only \$50,316 a month.

The proceedings were still raging, however, when in early 2002 Kerkorian's attorney Terry Christensen allegedly began paying Pellicano to wiretap Bonder. Christensen was indicted in February, and the indictment alleges he knew what Pellicano was doing. It contains numerous verbatim quotations from Christensen, a sure sign that, as Pellicano is said to have done with other attorneys, he had recorded conversations with Christensen. In these talks, the indictment alleges, the two candidly discussed the wiretapping operation, with Pellicano admonishing Christensen at one point to "be very careful about this, because there is only one way for me to know this."

In another talk, on April 28, 2002, Pellicano told Christensen about a recorded conversation between Bonder and her lawyers. "I'm hearing her talk to Kirk, too," Pellicano says. "That's not for attribution, I mean distribution, but I'm hearing both of them, I'm hearing all of it, the whole nine yards."

After his indictment, Christensen issued a statement that didn't deny his involvement but suggested that he had resorted to extreme measures because Kerkorian had been receiving death threats. "Terry Christensen never heard wiretapped conversations," his attorney said. "He never got a transcript of a wiretapped conversation. All he had to go on was what Pellicano was telling him over the phone."

**T**hen there's Tom Cruise. Cruise was represented by Wasser (who was known to have hired Pellicano in the past) during Cruise's 2001 divorce proceedings with Nicole Kidman. Kidman used lawyer Sorrell Trope and Rich DiSabatino. DiSabatino had Kidman's telephones regularly swept for bugs, and went as far as installing an encryption device to foil wiretapping attempts. Kidman, who remained wary, took to joking during calls with friends, "So, Tom, are you listening? Am I saying what you want me to say?"

According to people in the Kidman camp, Pellicano remained relatively quiet during the proceedings. "The one thing I was aware of was we started seeing articles in *The National Enquirer* on Nicole," says one Kidman adviser. "We assumed at the time that was Pellicano. The *Enquirer* was always his tabloid of choice."

Several reports indicate that during their raid on Pellicano's offices F.B.I. agents found a recording of Kidman talking with Cruise. DiSabatino has said this recording must have come from Cruise's telephone, but Kidman is said to disagree. "For some reason Nicole really wants to believe her phone was tapped," says a person who worked on the case. Kidman has been questioned by the F.B.I. A senior F.B.I. agent has also interviewed Cruise, sources say.

Also mentioned in the indictments is Taylor Thomson, heiress to a Canadian publishing fortune valued by *Forbes* in 2003 at \$14 billion, who hired Bert Fields to negotiate the custody of her child with Michael Kolesa in 2001. Her daughter's nanny, a twentysomething woman named Pamela Miller, was drawn into the contentious proceedings when she aired unfavorable opinions of Thomson's child-raising habits to Kolesa. That's when Fields brought in Pellicano.

"These people ruined Miller's life," her attorney, Neville Johnson, says of Pellicano and Fields. "Whenever she would get a new nanny job, she would be let go. Within weeks of her being hired by a member of the [Michael] Douglas family, she was let go. The same thing happened when she went to work for [producer] Jon Peters. Pellicano would stalk her, going so far as to sit directly behind her in a movie theater. She was wiretapped and members of her family had their private information illegally accessed, including her uncle, a minister in Bakersfield. They went so far as to take photos of her when she was with the children she had been hired to watch. Needless to say, not many wealthy [parents] want to keep a nanny who is [being photographed with] their children."

Pamela Miller testified before the Pellicano grand jury.

One of the best-known actors believed to have been wiretapped is Sylvester Stallone. This allegedly happened after Stallone sued Kenneth Starr, his former business manager, in February 2002, alleging that Starr's advice to hold 3.9 million shares of faltering Planet Hollywood stock cost Stallone as much as \$10 million. Starr hired Bert Fields, who brought in Pellicano. The indictments allege that Pellicano began wiretapping one of Stallone's telephones within weeks of the lawsuit's filing. (Both Stallone's publicist and his attorney declined comment on the case.)

The allegation is unusual because Stallone was known to have employed Pellicano on at least one case going back to the late 1980s. At some point the two had a falling-out, though what prompted it remains unclear. According to investigator Paul Barresi, a onetime porn performer who handled several freelance assignments for Pellicano, Pellicano had a vendetta against Stallone. "Pellicano hired me on two occasions to find

dirt on Stallone," Barresi says. "The first time was in 1995 or '96 and then again in late 2001."

"When you're a friend of his, you're family," Stallone said of Pellicano in 1993. "When you're not, you've got problems."

In another twist to the already bizarre world of Anthony Pellicano, John McTiernan, director of the hit films *Die Hard* and *The Hunt for Red October*, pleaded guilty, in a criminal-information case filed by the U.S. attorney, to lying to F.B.I. agents about having had Pellicano wiretap producer Charles Roven (*Three Kings*, *Batman Begins*). Los Angeles attorney Kevin McDermott explained that, in all probability, McTiernan is cooperating with the investigation. "When you file an information as opposed to an indictment, it's a sure sign that the perp has agreed to cooperate," says McDermott, "because, legally, it's easier to work out a deal with the court."

During his contentious 1997 divorce from Donna Dubrow, McTiernan was represented by Dennis Wasser, and later by Robert J. Nachshin, who has also been identified as having hired Pellicano in the past. Dubrow has stated that she believes McTiernan hired Pellicano during their divorce. A former employee of Pellicano's told *Vanity Fair*, "In 1997-98, McTiernan would often come into the office."

**m**uch of Hollywood is now holding its breath awaiting a new round of federal indictments, which could come any day. The investigation shows no sign of slowing. Late last fall, after assigning only three agents to the case for the previous two years, the F.B.I. formed a Pellicano task force. Twenty agents are now working the case full-time. Several sources say the lead agent, a dour but dogged veteran named Stan Ornellas, has actually been seen smiling of late.

Many of Pellicano's former employees are now cooperating with the authorities. So is his latest girlfriend, Sandra Carradine, 58, the actor Keith Carradine's ex-wife; she was indicted in January, pleaded guilty to two counts of perjury, and is now helping the F.B.I. Mark Arneson, the Los Angeles policeman, is said to be trying to cut a deal of his own. Two years ago, Arneson met with prosecutors for a "queen for a day" (which means whatever he told them could not later be used against him). When he failed to give direct evidence about any of the lawyers under scrutiny, the prosecutors passed on a plea deal with him.

More than a dozen attorneys, meanwhile, are preparing civil lawsuits against Pellicano and a number of the lawyers he worked with, as well as their firms. Anita Busch has already sued Pellicano, as has Bo Zenga, as has Keith Carradine, who alleges Pellicano harassed him during his 1993 divorce, as has a woman named Erin Finn, who was wiretapped by her ex-boyfriend Hollywood Records president Robert Pfeifer. Pfeifer pleaded guilty in April and faces up to 10 years in prison. "Lawsuits filed by Pellicano's victims will be sprouting up like tulips in springtime," predicts Kevin McDermott. "Not only will they be suing Pellicano but they will sue the L.A.P.D., the telephone company,

the lawyers who hired Pellicano, and in all probability the clients. This is going to get very ugly."

Much of the ugliness is likely to be directed at Bert Fields's firm, Greenberg Glusker. Already Hollywood is abuzz that an avalanche of coming lawsuits could force the firm into bankruptcy. The problem is the sheer number of conversations Pellicano may have illegally wiretapped. Bo Zenga's lawsuit, which includes Greenberg Glusker as a defendant, cites nearly 1,600 telephone calls Pellicano allegedly recorded at the behest of Fields and five other Greenberg Glusker partners. Under California law, each incident carries a minimum fine of \$5,000, meaning Greenberg Glusker could face potential fines of at least \$8 million—just in the Zenga litigation.

And that's before any criminal penalties. A series of talks have taken place in recent weeks among the firm, Fields, and the U.S. Attorney's Office. The firm's attorney in the case, Brian Sun, declines to comment on these talks, but several sources say they're aimed at negotiating some kind of settlement for Fields himself. (Pellicano, Ovitz, Fields, Grey, McTiernan, and the attorneys mentioned in this story declined to comment.)

The wild card in all this is Pellicano, who remains behind bars at the West Valley Detention Center, in San Bernardino County. Will he incriminate Fields or other clients? The betting here is that he won't break his personal vow of *omertà*—the Sicilian vow of silence. After all, he has already served more than 30 months in prison without turning on a single client.

"I could have helped myself if I had named names," Pellicano told the *New York Post* from prison in 2003. "But that's not me. Me, I protect my people. [The feds] wanted to get me, and because I'd never give up my client, they got me. I have to accept responsibility."

*Bryan Burrough is a Vanity Fair special correspondent. He is currently working on a book about Texas oil families. Investigative reporter John Connolly's book on the Pellicano case, The Sin Eater, will be published by Simon & Schuster next year.*