The alleged grifter who duped corporate giants

Some executives thought it was their lucky day when Dina Wein Reis called with a lucrative proposition. It wasn't.

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(Fortune Magazine) -- Just before dawn last October, around 50 federal law enforcement officials mustered in front of a six-story Beaux Arts townhouse on Manhattan's Upper West Side.

The agents, wearing blue raid jackets, stood in the rain outside the home of 45-year-old Dina Wein Reis, a self-described businesswoman, film producer, and philanthropist. For at least 15 years Wein Reis had made a fortune by allegedly gulling dozens of consumer product giants, including Procter & Gamble, Unilever, and Hershey, in exquisitely orchestrated scams.

"We're here to execute a search warrant," an FBI agent said. The agents swarmed into the first-floor salon, past the Modigliani portrait and the French provincial furniture. They marched through sumptuous rooms crowded with an eclectic collection of treasures, from La Farge stained-glass doors to canvases by Warhol, Frank Stella, and Thomas Hart Benton.

Wein Reis was arrested on charges of conspiracy and wire fraud. After fainting, she was escorted by FBI agents to a hospital for evaluation. Then she was arraigned, fingerprinted, photographed, and sent to federal lockup. Five associates of Wein Reis were also arrested for their alleged involvement in the fraud ring. The search warrant gave the government authorization to seize "fruits of the crime," which federal officials interpreted to mean just about everything. Besides scores of necklaces and watches, they carted off a pair of Louis XVI footstools, two Bugatti throne chairs, a pair of Empire sleigh beds, and a 1920s cast-iron vanity.

The feds needed two huge moving vans to haul away the trove. The job wasn't finished until three the next morning. The federal agents were utterly overwhelmed by the quantities of loot. Recalled Dennis Halliden, the FBI special agent supervising the case: "It was like King Tut's tomb."

The grifter, wrote David Maurer in his classic 1940 study of con men, "has a gentle touch." He takes his "toll from the verdant sucker by means of the skilled hand or the sharp wit ... Of all the grifters, the confidence man is the aristocrat."

Dina Wein Reis certainly lived like gentry. She has luxurious homes in Westhampton Beach, N.Y., Bal Harbor, Fla., and Jerusalem. Her Manhattan townhouse was featured in *Architectural Digest*. On a loan application she estimated her own net worth at $200 million, according to the government, although that figure is probably exaggerated. She cultivated friendships in New York society, hosting lavish parties for the Whitney Museum of American Art. With her polish, bling, and porcelain skin, she made a striking first impression. Said one former employee: "She looked like she stepped out of a Beyonc� video."

For sheer dollar damages, her alleged thievery cannot come close to matching that of Bernard Madoff or R. Allen Stanford. She didn't steal outright, fudge the books, run a Ponzi scheme, or leave investors destitute. She didn't rob charities.

But what she is accused of doing was fabulously brazen; she had the temerity to sting some of the world's biggest corporations -- not just once, but again and again. Her targets were middle- and upper-level marketing executives, including division heads and presidents. It was a simple scheme, though brilliantly choreographed, according to court records and people familiar with the investigations. Here's how it worked: Wein Reis persuaded the executives to sell her merchandise at huge discounts, promising to include the products in knapsacks or boxes of free samples to be handed out at schools, senior centers, Native American reservations, or military bases. She promised the sellers that if the sampling program were successful, the companies would gain exclusive access to these hard-to-reach markets through her "National Distribution Program." But there was no National Distribution Program, according to the deposition of a senior Wein Reis lieutenant. It was a fantasy. Instead, Wein Reis and her team sold nearly all of the goods to middlemen, who sold them to big retail chains, grocery stores, and wholesalers.

Wein Reis was what is known as a "diverter," a player in the little-known but large gray market in which consumer goods are bought and sold in channels unauthorized by manufacturers. Diversion is not necessarily illegal. But the way Wein Reis did it was fraud, prosecutors allege.

Wein Reis, who faces trial in a federal court in Indianapolis or New York sometime next year, declined to speak to Fortune. In a statement, her lawyer, Michael Sommer, said, "Ms. Reis has pleaded not guilty to the charges and fully expects to be vindicated. We share in her confidence, as the notion that companies as sophisticated as those at issue in this case were somehow deceived strains common sense."

This account is based on court records; internal memos, spreadsheets, and e-mails from Wein Reis's companies; wiretap transcripts; and interviews with former employees, targets, suppliers, family friends, and others familiar with the civil and criminal litigation against her. Wein Reis, it appears, is a person who thrives on complexity and illusion. She used multiple aliases to run more than 100 shell companies. She tithed. She gave millions to charities anonymously, yet she was often ungenerous with employees -- a practice that led to her downfall.

Wein Reis worked hard for her money. She and her associates would usually begin by cold-calling executives at big-brand companies, dangling an offer of a high-paying job to replace her as the head of her conglomerate, according to court records and interviews with former employees and people familiar with the criminal investigation. Over the years, she paid for scores of executives to fly to New York for these interviews.

At the right moment, with the executive believing that a job offer was on the table, Wein Reis would ask him to arrange a shipment of discounted merchandise from his current employer for her sampling program. Some targets begged off, suspicious. Others shipped.

The scores were big: Roche says Wein Reis bilked it out of $10 million of diabetes-testing equipment. Unilever (UL) put its losses at $2.23 million in a deal involving detergent. Procter & Gamble (PG, Fortune 500) handed over several million dollars' worth of shampoo. The government seeks to recover $20 million in losses, but exactly how much money Wein Reis garnered from trickery is unclear. The feds have uncovered more than 100 bank accounts, some overseas. In a deposition in the late 1990s, Wein Reis testified under oath that her business brought in between $20 million and $30 million in revenue in one year. A person familiar with her companies' finances says that in the early part of this decade she grossed $30 million to $35 million in an exceptional year, netting between $12 million and $15 million.

"Boy, was she good. To have been able to pull it off for at least a decade!" says Donald deKieffer, a Washington, D.C., lawyer who monitors diverters and counterfeiters, and who began tracking Wein Reis on behalf of manufacturers in the early 1990s. DeKieffer calls Wein Reis's alleged scheme one of the most sophisticated he's seen -- "not because she did one thing differently, but because she put it together in a really cool way." Admits deKieffer: "I have more than a grudging admiration for her."

Wein Reis took advantage of the atomization of modern corporations, where executives come and go and institutional memories are short. Marketing officials, who tend to be more concerned with overall market share than with customer relations, were favorite targets. Almost all were men. Wein Reis employed a team of young women -- many of them attractive and well educated -- to command their attention.

"These were not boneheads," says deKieffer. "These were not bimbos. They were not relying on boobs, but brains." Wein Reis and her damsels of diversion inflated their targets' egos, got deep inside their heads, and turned their critical-thinking powers to mush. "I would covet the opportunity for you and me to carve out some quality time," Robert Gregerson, then president of Polaroid's instant-camera division, wrote in 2006 after a New York meeting with Wein Reis. "I am approaching this with full recognition and realistic expectation that you will remain intimately involved. By now, I trust you know my ego will support it!"

The game sometimes continued even once her marks cottoned to her scheme. After the chief operating officer of Tom's of Maine, the personal-care products company, was told he'd been conned, he shot Wein Reis a withering e-mail. She wrote back: "I got your e-mail, have you been drinking? Sounds like you are having fun on vacation ... I wish I were there with you ... Also sounds like you are clueless about this business opportunity ... too much sun?"

Wein Reis left her marks flat on their backs, gasping. She had a genius for turning male vanity into cash.

When Donald Dumoulin entered the lobby of the Mandarin Oriental hotel off Columbus Circle in

Midtown Manhattan, it didn't occur to him that he might be walking into a trap. It was an early spring day in 2006, and the Roche Diagnostics vice president had just flown into New York for a job interview.

The courtship had begun the previous December with a call from an executive recruiter, according to Dumoulin's affidavit in a court filing. The recruiter was doing a search for a CEO to replace the founder of a privately owned conglomerate of 60 companies. Was Dumoulin interested? Yes, he was.

Soon he was talking to a person named Chaya, who described herself as the conglomerate's vice president. The enterprise was run, she told him, by a wealthy and charismatic woman by the name of "Dee."

Over two decades, Dee had built up a sizable enterprise that included an advertising agency, an accounting firm, a reinsurance unit, and vast real estate holdings. The jewel of the operation was a distribution business. A philanthropist who had built hospitals and housing around the world, she wanted to devote herself full-time to charitable activities. She wanted someone smart to take over the business. A man with consumer brand experience. A man like Dumoulin. Oh, and there would be an apartment in Manhattan, and the annual pay would be very, very good. How good? "Multiple millions." (Other executives were offered $8 million over four years, plus an apartment and a huge golden parachute.)

In subsequent telephone chats Dumoulin learned more about Dee's core business. Chaya told him that the National Distribution Program was a network of some 6,500 pharmacies through which manufacturers could get exclusive distribution rights. Dee's company would purchase goods from these manufacturers at an 85% discount. The products would then be distributed in the stores in gift bags as samples. If the sampling program were successful (and it almost always was), the manufacturer would get access to those stores to sell merchandise at full price, minus a small cash discount. Nearly 30 big time manufacturers, he was told, had already signed up for the program.

And Dee? In his two phone conversations with her, she'd seemed delightful. True, it was a bit odd that she couldn't remember which industry associate had told her such good things about him. And in retrospect, the fact that she wouldn't tell him her last name should have set off alarm bells. When Dumoulin asked, Dee told him she was a private person who liked to keep a low profile.

On the evening of his arrival, Dumoulin had dinner at the Mandarin Oriental with Sara Golden, one of Dee's top lieutenants. A marathon runner, Golden was smart, slim, and blond, with wholesome good looks, and she had a connection to Dumoulin's home state, having graduated from Indiana University. Dumoulin would remember her later as "attractive, articulate ... and very kind and personable." Dee, Golden told him, was devoutly religious, and maternal with her employees.

The next morning Dumoulin visited Dee's office in Midtown Manhattan. There he met the acting CFO, who pegged the owner's net worth at $2.5 billion. He met a man who claimed to serve as the head of her reinsurance business, and another gentleman who said he presided over Dee's Miami real estate empire. (None of these people have been charged with wrongdoing.)

Around 2 p.m. a car and driver took Dumoulin to Dee's townhouse. He sat in the parlor and waited 45 minutes for her to come downstairs. "I'm sorry, I got lost in prayer," she told him. They talked for two hours. Dee said she wanted to give a huge portion of her wealth away to build hospitals and housing for the poor in the Third World. Dumoulin met her husband, David, and their three boys, one of whom played the piano for him. On his way out, Dumoulin met a curator of the Whitney Museum, Barbara Haskell, who was on the way in (Wein Reis served on the museum's Chairman's Council). Haskell says she doesn't recall the meeting, but it made an impression on the visitor from Indiana.

In June, Dee suggested that Dumoulin "check out" her organization by trying the National Distribution Program and shipping some Roche merchandise. Dumoulin felt uncomfortable pursuing the job while doing business with Dee. It was a conflict of interest, and he said he'd ship only if the deal was good for Roche. Dee assured him it would be.

The courtship grew more intense. Dee told him she wanted to give him a "big hug," and looked forward to their becoming a "permanent couple." She flew Dumoulin and his wife, Lynda, to New York, where they toured apartments. Dumoulin had lunch with Sara Golden, while Dee's company treated Lynda to a spa regimen. Then came dinner at Dee's townhouse, served by her personal chef, at a table overlooked by three Thomas Hart Benton paintings. Afterward, Lynda Dumoulin pronounced Dee "one of the nicest people in the world."

In August, Donald Dumoulin called Dee to tell her he wouldn't take the job. He and Lynda had just bought a new house by a golf course and the prospect of uprooting the family seemed overwhelming. Dee was disappointed, but a month later Dumoulin was back in talks with her -- not about the job, but about a business deal. Dumoulin thought Dee's National Distribution Program might give Roche's diabetes-equipment business access to thousands of new outlets. Two senior Roche executives called references that Dee had provided. The references assured Roche she was legitimate.

In September 2006, Roche pulled the trigger and shipped almost 189,000 pieces of equipment to one of Dee's New Jersey warehouses. Wein Reis told Dumoulin she was very happy with the shipment. And for good reason: For $1.7 million she'd just landed $11.7 million worth of merchandise.

Dumoulin had made the biggest mistake of his career. Soon the stunned vice president learned that the woman he knew as Dee was alleged to be a notorious product diverter. Her name was Dina Wein Reis. But who was she, really? Was anything that Dumoulin had been told about her true?

Born in 1964, Dina Wein grew up in a modest, two-family house in the Midwood section of Brooklyn, a middle-class enclave. Her father, Solomon Wein, owned an apparel business, and her mother, Vivian, taught public high school. The girl who would grow up to have her own personal shopper, makeup artist, and hairdresser was a tomboy, recalls her brother in an e-mail to Fortune. "My mother would send her out brushed and clean, and she would climb trees, play with every stray cat and dog, go on treasure hunts on the obsolete train tracks by our house," Hershel Wein wrote, adding that his sister "would come home all the time with one sock up and one sock down."

In 1981, Wein graduated from Bnos Leah Prospect Park Yeshiva, an all-girls school. She attended, but did not graduate from, Brooklyn College, where she met the man who would later become her husband, David Ruiz, a Colombian native and a former star soccer player. Ruiz embarked on intense religious studies and converted to Judaism. The two eventually married and changed their names to Reis. David, who majored in physical education, at various times held jobs in real estate and contracting and, once they had children, stayed home. Dina received a degree in human development from Empire State College in 1987.

Around this time, while still an undergraduate, Wein Reis was learning the ins and outs of the legitimate sampling business in a full-time job at a company called Market Concepts Inc. The company was paid by Fortune 500 companies to distribute free samples of merchandise in college bookstores. Wein Reis quickly impressed her boss as hard-working and bright.

After nearly two years working for Market Concepts, she quit abruptly to work for a competitor. Returning from vacation, her boss learned not only that Wein Reis was gone but also that she was trying to take with her Barnes & Noble (BKS, Fortune 500), one of his main accounts. "She said she didn't want to stay in what I was doing. She had bigger and more grandiose plans for herself," recalls her boss, Jay Bernstein. "Nothing stood in her way. I guess the word is 'chutzpah.'"

Wein Reis struck out on her own around 1991, when she launched her own company, Collegiate Marketing. Collegiate invited manufacturers to sell it samples at deep discounts, offering entr�e to the $60 billion college marketplace. Collegiate promised to distribute the samples in knapsacks and tote bags for students at college bookstores. Meanwhile, other companies owned by Wein Reis offered similar programs for campgrounds and assisted-living communities. Only a small amount of merchandise, if any, went to these niche markets. Instead, nearly all of it was shipped via middlemen to major retailers.

It wasn't long before Wein Reis and her companies found themselves in legal trouble. In 1995 three consumer product makers -- Golden Grain (maker of Rice-A-Roni), Hershey Foods (HSY, Fortune 500), and Warner-Lambert (maker of Hall's Mentholyptus) -- sued Collegiate separately, alleging that the company had unlawfully diverted merchandise to retailers. All three suits were settled for undisclosed amounts. Those early lawsuits provided valuable training for Wein Reis. The first lesson: Litigation could be tiresome and costly, but in the end it was just a nuisance. (Two sources familiar with the civil and criminal investigations said Wein Reis was recorded later by an employee telling her staff that litigation was only a cost of doing business.) Lesson 2: Wein Reis was developing a reputation; she needed to be smarter.

Soon Wein Reis added a twist to her enterprise: By dangling a plush-paying job in front of the executive who would ultimately be asked to sell a discounted product, she injected an element of conflict of interest into the transaction. When the deal blew up, the executive might be too embarrassed to make a stink.

"Hi, This is ( ) calling from (company name), a New York based company.

The reason for my call is that upon learning of your reputation, background, and experience, your credentials are actually of great interest to our management team here at (company name) ..."

The recruiting pitch was carefully scripted, according to documents reviewed by Fortune. If the target asked, "Where did you get my name?" the caller was instructed to reply, "Well, being that I'm in the human resources department here, your name was actually passed down to me." If the target asked how long the search had been going on, the caller would answer, "We've been looking for eight months now ... time is so much of the essence."

When the marks asked for references, they were put in touch with people who secretly accepted payments from Wein Reis. One of the references, Edward Falvo, a former Pharmacia brand manager, admitted to being paid $2,000 a month for his services to Wein Reis. And what services exactly did he provide? Falvo said in a deposition in a civil suit against Wein Reis that he did Internet research for reports, but said he never bothered to type them up. Falvo declined to talk to Fortune. Another reference giver, Steve Manenti, was indicted for his role in the alleged fraud. Other people were also paid for role-playing. Thom Dean, an advertising executive, was paid several hundred dollars to meet with recruiting targets, according to two of Wein Reis's former employees. Dean told Roche's Dumoulin that he had sold a majority of his advertising business to Wein Reis, according to a sworn affidavit by Dumoulin. In an interview with Fortune, Dean said he had discussed selling the business to Wein Reis but hadn't done so. He said he had met with Wein Reis prospects, had let Wein Reis characterize him in these meetings as a "marketing partner," and had been paid for his time. But he said he never explicitly misrepresented himself. "I never understood until the very end what she was doing," Dean said, adding that when he'd try to pin her down, she'd change the subject. "You'd never get an answer."

To further the illusion alleged in court documents that she had a stable of Fortune 500 clients, Wein Reis employed another clever ruse: the Potemkin store. When Wein Reis was courting an executive, an assistant would take him to a small store, usually in New Jersey, telling him it was part of her National Distribution Program. The executive would see shelf upon shelf of goods made by companies supposedly in the program, given premium display and preferential pricing. He might see his own company's products too -- poorly displayed and marked up 60%.

What the executive didn't know was that Wein Reis had made a deal with the store owner in advance in which he agreed to let her rearrange his shelves for a day in exchange for stocking the store with other merchandise.

For many years Wein Reis occupied an office on Manhattan's East 58th Street. In the lobby the only mention of the firm was Truffle Holdings, the entity that leased the office. Upstairs, placards with different company names were slipped into the slot on the left side of the double-door entrance, depending on which corporate target was visiting that day, according to former employees. Some 20 to 25 phone lines were active at a time, each assigned to a different company.

Wein Reis's team tracked calls with spreadsheets that logged which executives were being pitched and noted whether they had met with Wein Reis's staff. The most frequent entry in the notes section was "Not interested." Another common entry: "Skeptical." Next to the makers of Melitta coffee filters, a Wein Reis salesperson wrote, "Now hate us." "We are on some sort of Diverters list," said the notation next to a canned-goods marketing official for Del Monte Foods (DLM). The official's dry observation as duly noted by the Wein Reis employee: "Her face should be on a milk carton."

But for every 50 people who said no, there were a dozen or so who'd nibble on the bait. Douglas Ehrenkranz, a former vice president at Imperial Sugar (IPSU), recalls meeting in New York with Wein Reis and her associates to talk about a job. "I remember saying, 'This is too good to be true -- something's not right here,'" says Ehrenkranz. "The bad news is, I didn't smell the scam. The good news is, I didn't sell her product."

Dozens of other executives fell for the ruse. Afterward they would often find themselves unable to sell to existing customers because the market had been flooded with diverted goods. Some companies shrugged it off, but others reacted with rage. "I think the panic you hear in my voice is simply due to the fact that I need to speak with you directly, and for some reason I haven't been able to do that," a desperate GlaxoSmithKline vice president wrote to one of Reis's minions after he realized the company stood to lose $1 million because of the scheme.

In at least one remarkable way, Wein Reis did not fit the profile of a pure hustler. A person familiar with her finances says she gave at least 10% of her profits to charity. She regularly hosted homeless people in her townhouse. When an Israeli rabbi called her about the death of a man in his congregation in a suicide bombing, Wein Reis sent the rabbi a big check but insisted the gift be anonymous. That was common practice, recalls Marvin Schick, a close family friend, who says Reis gave "many hundreds of thousands of dollars" to yeshivas. "In all my dealings with her on charitable matters, she never once indicated she wanted recognition."

The arts were another passion. She helped finance *Carpati*, a low-budget film partly narrated by Leonard Nimoy, about a Ukrainian ice-cream seller who returns to his village 50 years after the Holocaust. She also helped produce a Broadway adaptation of *On the Waterfront*, which flopped. To renovate her townhouse, which was built in the mid-1890s, she hired noted interior designer Samuel Botero. An article about the home, titled "Eclectic Defined," was published by *Architectural Digest* last January (after Wein Reis had been indicted). The home, it said, was filled with treasures from old residences in France and elsewhere. The house contained a dizzying array of styles, from Victoriana to Art Deco. Wein Reis even had the graffiti artist Crash put a tag on her elevator.

Wein Reis was hard on her staff. Few employees lasted a year; some were hired in the morning and fired by day's end. "Dina went through assistants like toilet paper," recalls one employee who was fired. Her behavior could swing from empathy to callousness in an instant. One worker took a Thursday and Friday off to attend her grandfather's funeral and received a call from Wein Reis the following Monday: "I'm sorry about your grandfather. You're fired." A weeping assistant recounted to the company's top finance official that Wein Reis had once handed her a pair of dirty panties and ordered her to put them in the hamper.

Irith Hayblum started working for Wein Reis in 2000. An Australian �migr�e and a mother of two, Hayblum had been a teacher at the yeshiva Wein Reis's kids attended. She was religious and hard-working. Hayblum started out helping create and manage databases. Eventually she was made director of marketing and put in charge of the Potemkin stores. In November 2004, Hayblum was asked to write a letter to a customer explaining how the products it had shipped were to be distributed. She made the mistake of telling the truth: She wrote a letter explaining that 1% to 1.5% of the products would be sent to the sampling program, according to people familiar with the matter. Sara Golden, her boss, was furious, scolding her for giving the client the accurate figure and saying the clients believed all the products would go to the sampling program. Around this time Hayblum started getting calls from Unilever, which wanted to talk to Golden about a shipment of detergent that a Wein Reis company had received. Hayblum was instructed to say, falsely, that Golden had left the company.

Hayblum injured her foot buying groceries to stock the stores. A few days later, in February 2005, she was abruptly fired. Hayblum wrote letters to Unilever, Tom's of Maine, Kashi, and other companies telling them they had been defrauded by Wein Reis. She also set up a website containing allegations against her former employer, giving her the title "The Queen of Scam."

Tom O'Brien, then COO of Tom's of Maine (now its CEO), wrote an angry e-mail to Wein Reis in March 2005, saying, "The gig is up." Wein Reis talked him down from the ledge, explaining that Hayblum was an "emotionally ill individual" trying to blackmail her.

O'Brien started getting calls from other companies that said they'd been defrauded. He went ballistic. "Goodbye," he wrote Wein Reis. "The discussions help us see the real deal and deceptions ... No more smoke and mirrors, please ... I'll be praying for you." (O'Brien declined to discuss the matter with Fortune.)

Unilever decided to take Wein Reis to court. The Anglo-Dutch conglomerate turned to Rod Brown, a former Manhattan assistant district attorney and trial lawyer. Brown had been one of Wein Reis's most persistent antagonists, having been the lead lawyer in several lawsuits and claims against her dating to the mid-1990s. Each suit had settled before trial. Realizing that piecemeal litigation wasn't going to stop Wein Reis, Brown put together a civil RICO claim, alleging Wein Reis and her associates had engaged in a pattern of fraud. Unilever filed suit in November 2005.

To win a civil racketeering case, Unilever would have to show that Wein Reis was running a criminal enterprise and that there had been multiple instances of fraud. Brown interviewed executives who had been lured to New York with phony job offers. The case was complicated by the fact that Wein Reis's marketing materials to manufacturers included language that mentioned a "wholesalers" program. Furthermore, Wein Reis's lawyers produced letters from her that seemed to spell out that only a fraction of any merchandise received would be going to the sampling program, and that the rest was going to diverters. If the letters had really been sent, they could have spelled defeat for Unilever. But executive after executive claimed never to have received them. In fact, there were numerous signs that the letters had never been sent. Some had been misaddressed. Others used Wein Reis's full name when the executives had known only her nicknames. "This was the meta-fraud," said Brown. "When you have 10 people at 10 different companies saying they'd never seen the letters, it suggests they never went out."

It was while the Unilever case was under way that Donald Dumoulin was negotiating with the woman he knew as Dee about a shipment of diabetes-testing equipment. Even before the merchandise had been shipped, the head of security at Roche Diagnostics, Max Brenton, had been wary of the transaction. It just didn't smell right. What seemed oddest was how little public information he could find about the New York company. There wasn't even a website. But a lack of information wasn't enough for the security man to stop the deal, and besides, Dumoulin and the other executives had vetted it.

Not long after the shipment was made, Brenton, a former Indianapolis police detective who had served in an organized-crime unit, got a call from a counterpart at Walgreen. Someone was trying to sell the drug chain a big shipment of diabetes equipment. Did Roche know about this?

Then Brenton found out about the Unilever lawsuit. This wasn't just a small-time diverter, he believed: It was a giant diversion ring. Dumoulin, who would lose his job partly for his role in the matter, was shattered. Brenton kept digging. He pushed Roche to pursue the matter. In January 2007, Roche sued in federal court and settled a month later.

Dennis Halliden, an FBI special agent in Indianapolis, read a small article about the suit in a local paper. Halliden's interest was more than piqued. He called Roche's outside lawyer, Irvin Nathan, who told him that this was a major scam. A month earlier Nathan had gone to the Department of Justice's fraud section, which had also begun to pursue the matter. Halliden became the lead investigator in the case.

The government persuaded a judge to grant a wiretap. Federal officials intercepted around 4,000 phone calls. They heard hours and hours of Wein Reis haranguing her staff to perfect their sales pitches. The tapes, say people who have seen the transcripts, are damning. "What will hurt each and every one of the ladies the worst is the seeming indifference they have," says one person who has read the transcripts. "That's something that's not going to sit right with a jury."

After the raid on her townhouse, Wein Reis spent an uncomfortable week in the same federal lockup facility that six months later would become the temporary home of Bernard Madoff. A judge released her after her brother Hershel Wein, a tax lawyer at the white-shoe firm of Dewey & LeBoeuf, helped raise the $10 million bail. She is now back in the mansion, though it is in foreclosure.

Wein Reis has been battling the government on multiple fronts. Her lawyers have persuaded the government to return some of her personal property, including wedding rings, her sons' bar mitzvah watches, and her father's Phi Beta Kappa key. Most of her art collection remains in federal custody, but 15 paintings were turned over to Unilever, which settled its case with Wein Reis for an undisclosed sum that is reported to be in the multiple millions of dollars.

Wein Reis enlisted her rabbi in her bid to convince a judge that she should not be required to wear an electronic monitoring ankle bracelet. Orthodox practice, the rabbi said, forbids women from wearing slacks or pantsuits. Summer was coming, Wein Reis's lawyer noted, and any skirt or dress shorter than ankle length would reveal the bracelet, which would complicate her efforts to get a new job. The judge agreed.

Four of the five other people charged for their roles in the alleged fraud worked directly for Wein Reis: Suzanne Carrico, Sara Golden, Sheryl Raport, and Chaya Cooper. All but Carrico were charged with six counts of wire fraud and a single count of conspiracy; Carrico was charged only with conspiracy. A fifth person, Steve Manenti, who according to the indictment gave references for Wein Reis, was charged with seven criminal counts. Lawyers for Cooper, Golden, Raport, and Manenti declined to comment on the allegations. A lawyer for Carrico could not be reached for comment as this story went to press.

Wein Reis's legal team declined to discuss her defense, but those who know her say there's little chance she'll cop a plea. In this legal battle it wouldn't be hard to cast Wein Reis as the underdog. In one corner stands a lineup of aggrieved multinational companies; in the other corner, a self-made woman, a prayerful philanthropist, a mother of three. To which there is a likely government rejoinder: Free markets wither when trust is broken.

And, of course, it wasn't all illusion: Real lives were affected by the alleged fraud. Scott Weintraub, a former Pharmacia manager, endured a grueling internal investigation after the company learned it had been duped. A company lawyer, he recalls, was convinced -- wrongly, it turned out -- that he'd had a romantic relationship with a fetching Wein Reis associate.

Eighteen months after the scam was discovered, he says, he was still getting dinged on performance reviews. What bothered him most, he says, was that the president of his division believed he was either a fool or unethical. "Most of the time I think he thought I was an idiot," Weintraub says. "They don't fire people for being stupid, luckily."

Sometimes they do. No one knows for certain how many executives lost their jobs after getting caught in Wein Reis's web. Roche's Dumoulin did. So did a longtime Unilever executive.

"It was a hand grenade in the pocket," says the FBI's Dennis Halliden. "Careers were destroyed. These executives were hosed."

Don deKieffer, the lawyer who pursued Wein Reis for years, says that companies will always be susceptible to such schemes as long as executives are so trusting. "In almost every case you had people inside the company not paying attention to the good of the entire enterprise," says deKieffer. "There are bad people out there -- wolves who will eat you unless you pay attention. Dina is a wolf, and she happily chomped away at these companies." ■

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