

EXHIBIT 5

The Nevada gambler, al-Qaida, the CIA and the mother of all cons

Chris McGreal in Washington

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The intelligence reports fitted the suspicions of the time: al-Qaida sleeper agents were scattered across the US awaiting orders that were broadcast in secret codes over the al-Jazeera television network.

Flights from Britain and France were cancelled. Officials warned of a looming "spectacular attack" to rival 9/11. In 2003 President Bush's homeland security tsar, Tom Ridge, spoke of a "credible source" whose information had US military bracing for a new terrorist onslaught.

Then suddenly no more was said.

Six years later, Playboy magazine has revealed that the CIA fell victim to an elaborate con by a compulsive gambler who claimed to have developed software that discovered al-Jazeera broadcasts were being used to transmit messages to terrorists buried deep in America.

Dennis Montgomery, 56, the co-owner of a software gaming company in Nevada, who has since been arrested for bouncing \$1m worth of cheques, claims his program read messages hidden in barcodes listing international flights to the US, their positions and airports to be targeted.

The CIA took the information seriously, working with Montgomery at his offices and paying him an undisclosed amount of money. The "intelligence" Montgomery claimed to have found was passed on to the White House and homeland security where it kickstarted an alert that bordered on panic.

According to Playboy, Montgomery's claims caused the cancellation of British Airways and other flights supposedly mentioned in the codes.

Some officials were not at all surprised to hear the allegation that al-Jazeera was involved. The then defence secretary, Donald Rumsfeld, later vilified the station for "vicious, inaccurate and inexcusable" reporting of the US invasion of Iraq.

For months, the source of the information was kept under wraps within the CIA but once it became more widely known in the agency it immediately came under question. Playboy quotes one former counterterrorism official who attended a briefing on the source as being furious. He said: "I was saying: 'This is crazy. This is embarrassing.' They claimed they were breaking the code, getting latitude and longitude, and al-Qaida operatives were decoding it. They were coming up with airports and everything, and we were just saying: 'You know, this is horseshit!' "

Frances Townsend, a homeland security adviser to Bush, defended the decision to work with Montgomery. "It didn't seem beyond the realm of possibility. We were relying on technical people to tell us whether or not it was feasible. I don't regret having acted on it," she told Playboy.

But the doubts began to prevail as Montgomery refused to reveal how he was finding the barcodes, when no one else could, and he demanded \$100m for the software. The CIA also began to wonder why al-Qaida didn't use emails and web pages to communicate with its agents.

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