



**U.S. Department of Justice**

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**For Immediate Release:**

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**UNITED STATES ATTORNEY STEPHEN J. MURPHY  
TO JOIN THE FEDERAL BENCH IN DETROIT**

*U.S. Attorney Credited with Fostering Strong Working Relationships Among Agencies*

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After three years and five months as the top federal law enforcement official in the Eastern District of Michigan, United States Attorney Stephen J. Murphy will soon step down to be sworn in as a United States District Court Judge in Detroit. Mr. Murphy's tenure as United States Attorney has been marked by a number of key initiatives designed to keep citizens safe and to enhance law enforcement efforts in the Eastern District of Michigan.

**Chief Judge Bernard A. Friedman said,** "We are looking forward to Steve's arrival and bringing the excellencies he brought to the U.S. Attorney's Office to the Court."

"It has been a pleasure to work with Stephen Murphy during his tenure as the United States Attorney for the Eastern District of Michigan. Our agencies have often collaborated on successful initiatives that created a template for federal and local law enforcement partnerships around the country to follow," said **Chief Ella Bully-Cummings**, Detroit Police Department. "As our nation looks to overcome some of its most demanding challenges ever, it is my hope that the United States Attorney's Office continues to develop the solid relationship with the city of Detroit that was cultivated under the leadership of Stephen Murphy. With his integrity, expertise and sensibility, I am certain that Judge Stephen Murphy will be an asset to the United States District Court."

“I have the greatest respect for Stephen Murphy,” said **Wayne County Prosecutor Kym Worthy**. “We have always had an excellent working relationship. Over the years we have worked on cases involving Internet predators, gun violence and community prosecutions. Whenever there was a decision that required us to determine whether there should be a state or federal prosecution we have been able to work out our differences in an amicable way. I am sorry to see him go, but I wish him great success.”

“I would like to congratulate Steve Murphy on his confirmation to the Federal Bench. He has been a true professional as the United States Attorney, and he will certainly be missed by the law enforcement community. I consider him a true gentleman and a friend, and wish him the best in his new position,” commented **Andrew G. Arena**, Special Agent in Charge of the Federal Bureau of Investigation, Detroit, Michigan

“The U.S. Attorney’s Office’s loss is the Court’s gain and with Steve on the bench, the public will be the true benefactor” said **Brian M. Moskowitz**, Special Agent in Charge of U.S. Immigration and Customs Enforcement for Michigan and Ohio. “Steve has been a great partner and friend to ICE in his role as United States Attorney and I have no doubt that he will continue to serve the people of the Eastern District with honor and distinction in his new role.”

United States Attorney Murphy worked hard on the priorities he set for himself when he took office on March 8, 2005.

### **National Security**

Since 2006, U.S. Attorney Murphy expanded and enhanced the office’s National Security Unit by adding highly experienced Assistant United States Attorneys to the eight-member unit. Consistent with the Department of Justice’s creation of a separate National Security Division following the extension of the USA-PATRIOT Act, the Unit’s responsibilities expanded to include other investigations and prosecutions involving national security. Those matters touch upon

foreign counterintelligence matters, espionage, and certain transnational organized crime groups involved in alien smuggling, cash smuggling and the operation of illegal unlicensed money transmitting businesses.

**Kathleen Alcorn**, Chief Counsel for Immigration and Customs Enforcement said, "Immigration and Customs Enforcement Detroit Office of the Chief Counsel would like to thank United States Attorney Stephen Murphy for his many accomplishments, specifically mentioning his fight against terrorism. Under Mr. Murphy, his office has worked closely with the Detroit Chief Counsel's Office in the fight to protect the United States from terrorist threats. Mr. Murphy has been supportive of not only criminal but also administrative immigration violations when appropriate to fight the war against terrorism. The cooperation between our offices has reached an all time high due to Mr. Murphy's vision and support. Mr. Murphy has been instrumental in the fight against terrorism and protecting the United States."

U.S. Attorney Murphy oversaw several significant prosecutions involving national security. Those cases include:

- Nada Nadim Prouty, the Lebanese national who, along with others, pleaded guilty to conspiring to fraudulently obtain U.S. citizenship through sham marriages. Prouty utilized her fraudulently procured U.S. citizenship to obtain employment with the FBI and later, with the CIA.
- Monassar Omian and three others were convicted for using their unlicensed money remitting business (a "Hawala") transfer \$10 million to Switzerland and Yemen. Some of the money they laundered through the Hawala accounts was proceeds of criminal activity, such as the sale of controlled substances and contraband cigarettes.
- Imad Hammound was one of 19 who were charged and convicted for their role in a large racketeering conspiracy which trafficked in contraband cigarettes and counterfeit Zig Zag rolling papers. Profits from the illegal activities were sent to Hizballah.

- Salah Rashem, along with twelve others, was convicted in a case involving a conspiracy to smuggle illegal aliens into the U.S. from Canada. The charges were based on the interdiction of 74 aliens who were smuggled into the U.S. The Royal Canadian Mounted Police assisted in this investigation.

U.S. Attorney Murphy also worked to strengthen the relationship between Canadian and U.S. law enforcement to combat cross border crime in a district that has one of the busiest ports of entry in the country. Mr. Murphy instituted a five-point plan aimed at bolstering the office's capacity to cooperate more effectively with Canada to fight drug trafficking, gun trafficking and alien smuggling.

### **Project Safe Childhood**

Over the past three years, the Eastern District of Michigan has seen a significant increase in the number of prosecutions involving child pornography and child exploitation. The increase is due largely to the commitment Mr. Murphy made in 2006 when he initiated the district's highly successful Child Protection Initiative. The initiative, in part, called for the prosecution of the most serious child exploitation offenders, insuring that they face the maximum sentences available under the law. Examples of those cases include:

- Bryan Brown, a prior sex offender, was indicted on charges that he enticed and coerced a 5- year-old girl to engage in sexually explicit conduct for the purpose of producing a video tape of the act.
- Leo Rudolph was sentenced to 30 years in federal prison for enticing, threatening and otherwise coercing a 9 year-old- girl to engage in sexual acts with him.
- Kenneth Stefanski, a multi-convicted sex offender, received a 35 year sentence for manufacturing child pornography.
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- Brian Lee Flaherty, a Los Angeles firefighter, received more than 12 years in prison for

flying to Detroit with the intent of having sex with a five year-old child.

Another key part of the initiative is law enforcement training and community outreach. US Attorney Murphy, along with the office's designated team of Project Safe Childhood Assistant United States Attorneys, conducted a large number of law enforcement training programs. The training programs focus on issues related to sex offender registration, notice, investigation and prosecution.

Community outreach has been a critical component of the initiative. US Attorney Murphy developed a town hall and public outreach strategy which commenced in the spring of 2006. The first town hall meeting took place in June 2006 in Oakland County and included a panel of speakers from the FBI, the U.S. Attorney's Office and the County Prosecuting Attorney's Office, and the Child Exploitation and Obscenity Section of the Department of Justice. The targeted audience consisted of parents, educators, child protection workers, and law enforcement. Similar town hall meetings have been held throughout the Eastern District of Michigan. The goal of the town hall meetings has been to increase community awareness and educate the public about the dangers facing children from sexual exploitation and abuse facilitated by technology.

### **Violent Crimes and Gangs**

Mr. Murphy has been a strong advocate for bringing crime-fighting resources to Eastern District of Michigan. During his tenure more than \$1.5 million has been delivered to the City of Detroit for violent crime fighting through Project Safe Neighborhoods (PSN). In 2007, as a result of increased gun violence and gang activity in the cities of Flint, Saginaw and Jackson, Mr. Murphy sought and received a \$1 million grant as part of the Three Cities Initiative which will expand the resources necessary to combat violent crime in these communities. Just this past week, United States Attorney Murphy sought and received another \$ 2 million grant to expand resources necessary to combat gangs in Metro Detroit.

Over the past three years, Mr. Murphy has overseen the prosecution of several gang related cases. The most notable case involves 16 members, associates, and former members

of the Outlaws Motorcycle Club. The Outlaws have been identified as an international criminal organization whose members and associates engage in acts of violence including murder, attempted murder, assault, narcotics distribution and firearms and gambling offenses. Other cases of significant note include the indictments against members and associates of the Highwaymen Outlaw Motorcycle Gang, the Latin Counts and the Detroit Thug Lordz. In each case the gang members are charged with various federal offenses ranging from firearm and drug conspiracy to continuing criminal enterprise.

The Detroit and Three Cities Initiative is modeled after the award-winning Project Safe Neighborhoods Operation TIDE (Tactical Intelligence Driven Enforcement) initiative launched by U.S. Attorney Murphy in 2006 in the Northwestern and Eastern Police District of Detroit. In its first year as a task force, Operation TIDE contributed to a 43% decrease in homicides and a 26% decrease in non-fatal shootings in Detroit's Northwestern District.

**Thomas E. Brandon**, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) said, "United States Attorney Steve Murphy's leadership has been a key component in assisting ATF and law enforcement in combating violent crime in the Eastern Judicial District of Michigan. His partnership and friendship are greatly valued and will be missed. The men and women of ATF's Detroit Field Division wish Mr. Murphy the best of luck in his new position as a federal judge."

"As the U.S. Attorney in the State of Michigan Mr. Murphy has shown unflagging support of multi-jurisdictional, city, state and federal collaborative efforts through the "Project Safe Neighborhood" and other similar anti-gang initiatives. This support has had and continues to have a dramatic impact on the incidence of violent / organized crime in many of the cities of Michigan currently faced with fiscal challenges and rising rates of violence. The citizens of this state and in particular, the City of Saginaw, owe more than they will ever realize to the crime fighting efforts of Mr. Murphy," said **Chief of Police Gerald Cliff**, Saginaw Police Department.

" Mr. Murphy has been instrumental in the success of the Michigan High Intensity Drug Trafficking Area (HIDTA) providing leadership to the Federal Law Enforcement Community. As the Chair of the Executive Board, his skill at consensus building has benefitted all of us, Federal, State and Local Participants," said **Abraham Azzam**, Executive Director, Michigan HIDTA. " We wish him good fortune in his new position."

During Mr. Murphy's tenure as the US Attorney, two additional Weed and Seed Sites were awarded, bringing the District total to eight. These awards brought millions of dollars into the region to assist with grass root community based programs. In addition, the District was chosen as the site for the 2007 National Weed and Seed Conference. The highly successful event, which was personally sought and hosted by U.S. Attorney Murphy, brought thousands of delegates from across the country to Detroit.

### **Public Corruption**

Prosecuting public officials who breach their duties and violate the public trust was one of the significant priorities of the U.S. Attorney's Office under the leadership of Mr. Murphy. Over the last three years the office has seen several prosecutions, convictions and sentencings of government officials, police officers, federal law enforcement employees, former prosecutors and public school officials. Those cases include:

- Former Detroit City Councilman Alonzo Bates was convicted and sentenced to 33 months in prison on theft and fraud charges. Bates placed ghost employees on the City of Detroit's payroll which resulted in a loss to the city of approximately \$91,000.
- Lance Newman, a former homicide detective with the Detroit Police Department, was sentenced to 12 months in prison after pleading guilty to defrauding the family of a murder victim out of \$12,000 by telling them he has incurred personal expenses in investigation the murder of their family member.

- Vincent Crockett, an 18 year veteran of the Detroit Police Department was indicted on charges of stealing cocaine from the property room of the police department. He is currently awaiting trial.
- Patrick Wynne, a former detention officer, was convicted and sentenced to 57 months in prison for stealing as much as \$290,000 in cash and other property from more than 500 illegal immigrants he was responsible for housing.
- Roy Bailey, the Field Office Director at the Department of Homeland Security, Immigration and Customs Enforcement (DHS-ICE), was indicted along with four others on charges of bribery, extortion and conspiracy. Baily is alleged to have misused his position by accepting large sums of money and other property in return for granting immigration benefits, including the release of several individuals who were being kept in the custody of the Immigration and Naturalization Service. Bailey is currently awaiting trial.
- Former Ogemaw County Prosecuting Attorney Frederick MacKinnon, Chief Assistant Prosecuting Attorney Gary Theunick and former Rose City Chief of Police Maxwell Garnett were convicted and sentenced for their roles in illegally obtaining and possessing machine guns and silencers.
- Richard Zaranek, a former school principal with the Chippewa Valley School District was convicted and sentenced to 31 months in prison for embezzling approximately \$400,000 from the school's child care and parent teacher organizations.
- James Tague, a former purchasing agent for the Chippewa Valley School District was convicted and sentenced to 42 months in prison for defrauding the school district out of over \$2 million. Tague defrauded the school district by rigging bids and awarding contracts to a company he secretly owned and operated.



## Drugs

The drug trafficking trade in the Eastern District of Michigan has suffered a serious blow due to the diligent efforts of federal prosecutors under the leadership of Mr. Murphy. With the help of federal, state and local law enforcement agencies, the U.S. Attorney's office has successfully dismantled some of the largest drug organizations this district has seen.

Examples of those cases include:

- Terry and Demetrius Flenory, who, along with 38 other individuals, were convicted for their roles in operating a drug organization called the "Black Mafia Family" which dealt in multi-kilo quantities of cocaine in the Detroit metropolitan area. Law enforcement officers from around the county seized over 476 kilograms of cocaine and over \$19 million worth of assets.
- Quasand Daniell Lewis was convicted and sentenced to eighteen years in prison for his role as the leader of a drug organization that distributed more than 30,000 kilograms of marijuana in Detroit, California, Arizona and elsewhere. Twenty-seven other individuals were convicted and sentenced for their roles in the conspiracy, including Robert Traylor, a former NBA player.
- Michael Anthony Clark was convicted and sentenced to fifty years in prison for his role as the leader of a Detroit-based drug trafficking organization which operated for more than 15 years. Clark and his organization were responsible for transporting more than 1,000 kilograms of marijuana and cocaine from the western United State to Detroit for distribution. Twelve other associates of Clark were convicted and received sentencing ranging up to 20 years.

In response to the increase in the manufacture and use of methamphetamine in our state, Mr. Murphy initiated a meth awareness program in 2005 designed to address the dangers of this highly addictive drug. The initiative placed a high priority on the prosecution of methamphetamine cooks and repeat offenders, with special emphasis being given to the small

toxic labs (“STLs”) that crop up in rural areas of the district. Since launching its meth initiative, the United States Attorney’s Office has successfully prosecuted individuals on methamphetamine related charges who subsequently received sentences ranging from probation to 360 months in prison. Many have credited this initiative with stopping the spread of meth into southeast Michigan’s most populace tri country region.

As a further part of the initiative, Mr. Murphy hosted the first Drug Endangered Children Conference. The conference provided a forum to educate professionals from a variety of disciplines including local, state and federal law enforcement, firemen, local and state prosecutors, probation officers, child protective services workers and child advocacy providers on the dangers associated with methamphetamine abuse.

**Robert L. Corso**, Special Agent in Charge of the DEA Detroit Field Division stated, “Working with the United States Attorney’s Office during Stephen Murphy’s tenure, has been very productive. He always extended the full resources of his office to assist in furthering DEA investigations. This is illustrated by the fact that his office has helped put away some of the largest drug trafficking organizations ever investigated in southeast Michigan. It is good to see that his passion for law enforcement and his commitment to justice has been rewarded, and that he will continue to serve the citizens of this nation with his appointment to serve as a U.S. District Court Judge.

### **Civil Rights**

After taking office in April, 2005, Mr. Murphy created an innovative Cross Functional Civil Rights Working Group (CFCRWG) to focus on issues relating to his office’s civil rights enforcement and community outreach programs. For the first time, a group was created in the office to bring together on a regular basis criminal and civil division personnel, as well as senior management, to share information and coordinate civil rights enforcement activities and community concerns.

The office has had success in both the civil and criminal areas of civil rights enforcement. Over the past three years the office has seen the conviction and sentencing of three men who attempted to burn down the home of an African American family in Taylor, Michigan; the conviction and sentencing of a Sumpter Township man who burned a five-foot-tall cross in front of a victim's residence; the conviction of a Livonia man who threatened a couple and their real estate agent in an attempt to keep the couple from selling their home to African-Americans; the conviction and sentencing of two men, who along with 7 others, organized a conspiracy whereby they forced women to work as exotic dancers in Detroit area strip clubs, and the conviction and sentencing of a couple who forced a Cameroonian girl, whom they had brought to the U.S. illegally, to work against her will as a domestic servant. In addition, United States Attorney Murphy – along with Canadian authorities – presided over the indictment and prosecution of one of the largest human trafficking cases on the northern border in 2006 when 24 individuals were arrested and prosecuted for smuggling illegal aliens into the United States in terrible conditions for exorbitant fees.

Further, since 2006 the United States Attorney's office, through various civil enforcement actions, has obtained nearly \$1 million from owner/operators of area apartment complexes as well as a local developer to settle allegations of discrimination under the Fair Housing Act.

## **Fraud**

The office's Economic Crimes Unit, under the leadership of U.S. Attorney Murphy (who worked in the unit as an AUSA more than 10 years ago), has a strong record of prosecuting corporate fraud such as investor fraud, bank and wire fraud, mortgage fraud and computer fraud and intellectual property crimes. Some of those cases include:

- The prosecution of seven members of MCA Financial Corporation, who falsified accounting books and records and misled investors, lenders and regulators which resulted in a \$250 million loss.

- Three high-level executives of Lason Corp. were convicted for defrauding investors and potential investors, institutional lenders and others by overstating and fabricating company revenues, understating its expenses and fraudulently boosting its earnings for the purpose of meeting or exceeding Wall Street's quarterly earnings projections which resulted in a loss to Lason's shareholders of over \$100 million.
- Charles Mady, a Northville attorney was convicted for embezzling more than \$8 million from 30 investors who he solicited money from for the purpose of pooling their funds and using the money to trade in the commodity futures market.
- 25 people have been charged with fraud in connection with over \$ 76 million in loans guaranteed by the federal Small Business Administration.
- 15 separate complaints, indictments or informations were filed charging 28 individuals with felonies relating to mortgage fraud with an estimated loss of over \$50 million.

### **Computer and Intellectual Property Crimes**

- The first in the nation prosecution and conviction for a violation of the CAN-SPAM Act, the federal law making certain kinds of unlawful spamming illegal with the conviction and 3-year prison sentence of Daniel Lin.
- The Alan Ralsky international spamming and stock market pump and dump ring was indicted in January 2008, with ten individuals charged.
- Two successful trials against two separate defendants, Kirk Lanam in 2006, and Patrick Nolan in 2007, for illegal computer hacking. Both cases resulted in guilty verdicts against computer IT experts who broke into the computers of companies they had once worked for, and damaged them.

- One the Nation's first successful prosecutions in 2007 of the manager of a "bot-net." Jason Downey pleaded guilty and was sentenced to 1-year in prison for operating a network of computers infected with a "bot virus", a malicious program that allowed Downey to control thousands of computers and the same time, and use them to launch attacks on other computer networks and knock them off-line.

**William Callahan**, Special Agent in Charge, United States Secret Service, Detroit Field Office, said, "We would like to recognize USA Stephen Murphy's support of the Detroit Field Office's efforts in the areas of child pornography and loan/mortgage fraud. Because of his support, through his assignment of Assistant United States Attorneys specifically dedicated to prosecuting cases involving child pornography, and who have attended Internet Crimes Against Children (ICAC) training side by side with our agents, we have arrested and convicted offenders for the distribution and manufacturing of child pornography. Together our offices have also successfully prosecuted child internet predators, who traveled to meet with underage teenagers after communicating with under cover agents on the internet." "Another arena of significance to the public has been the abuses and criminal activity surrounding fraudulent loans and mortgages. Together we have successfully prosecuted over 23 individuals in the BLX case including the Vice President of Business Loan Express, Patrick Harrington. We have seized assets in this case over 1.2 million dollars. Our office is expanding its efforts into mortgage loan fraud and has received energetic support from the United State's Attorney's Office. Without USA Stephen Murphy's enthusiastic support, our efforts would have been in vain."

Murphy also hosted the first-ever AUSA Reunion Gala for former Assistant U.S. Attorneys in early 2008. The Gala brought back to Detroit over 100 former AUSAs and their guests for a special evening at the Detroit Marriot Renaissance Center.