



**U.S. Department of Justice**

**Stephen J. Murphy  
United States Attorney  
Eastern District of Michigan**

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**For Immediate Release:**

**Contact:** Susan Plochinski - (313)226-9193  
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July 5, 2006

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**EVENT: Indictment**

**Defendant: Anne Lockwood et al**

**FORMER METALDYNE EMPLOYEES INDICTED FOR  
THEFT OF TRADE SECRETS**

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A federal grand jury Indictment was unsealed today in Detroit charging one former Vice President and two former senior employees of Metaldyne Corporation with plotting to steal and stealing Metaldyne Corporation's secret process for manufacturing heavy automotive parts from powdered metal, and providing this information to a Chinese competitor. Metaldyne Corporation is headquartered in Plymouth, Michigan, and is one of only two automotive parts manufacturers in the world to have developed a process to successfully fabricate powdered metal into large, heavy-duty automotive parts, such as connecting rods.

Charged in the 64-count Indictment were Anne Lockwood, 53, formerly a Vice President for Sales at Metaldyne; her husband, Michael Haehnel, 51, formerly a senior engineer at Metaldyne, both of Rockford, Michigan; and Fuping Liu, 42, a former metallurgist for Metaldyne, of Westland, Michigan. Liu worked out of Metaldyne's Shanghai, China, office until April 2004.

According to the Indictment, after Lockwood left her position at Metaldyne in early 2004, she began planning with Fuping Liu to develop Chinese powdered metal manufacturers who could displace Metaldyne as the supplier of various kinds of powdered-metal manufactured parts, including connecting rods, to U.S. auto and equipment manufacturers. A company set up by Lockwood, and also involving Fuping Liu and Michael Haehnel, was to receive commissions based on the expected sales by the Chinese companies.

While Lockwood and Fuping Liu negotiated with Chinese competitors, Michael Haehnel, Lockwood's husband, remained employed as a senior engineer with Metaldyne. According to the Indictment, Haehnel used his position there to gain access to hundreds of confidential Metaldyne files, and copied them to compact discs for Lockwood. The Indictment alleges that both Lockwood and Liu forwarded confidential Metaldyne information pertaining to its costs, designs, and processes for manufacturing parts from powdered metal to the Chinese manufacturer, Chongqing Huafu Industry Company, Ltd., or "Huafu." After Fuping Liu left Metaldyne in April 2004, he began working for GKN Sinter Metals' Shanghai, China office. GKN Sinter Metals also manufactures powdered metal parts, and is located in Auburn Hills, Michigan. The Indictment also alleges that Fuping Liu provided confidential information belonging to GKN Sinter Metals to Lockwood, as well as to another Chinese auto parts manufacturer, the Liaoning Shuguang Automotive Corporation, or "SG Auto."

United States Attorney Stephen J. Murphy said, "Regardless of the highly competitive rough and tumble of today's global automotive industry, stealing is still stealing. And today's Indictment alleges a case of former and current employees stealing secret and crucial information from a victim company and handing it over to a competitor overseas. The federal laws protecting trade secrets prohibit such conduct, and whenever it occurs, it warrants an aggressive law enforcement response. I commend the hard work of the FBI that lead to these charges being unsealed today."

Daniel Roberts, Special Agent in Charge, Federal Bureau of Investigation (FBI) Detroit , Michigan, advised "Theft of trade secrets are investigated by the Detroit Division's Cyber Crime Squad and Cyber crime is one of the top priorities of the FBI. In this case of global outsourcing and the highly competitive nature of the worldwide business environment, protecting trade secrets is absolutely critical and at the core of the survival of U.S. companies;

therefore, it is imperative trade secrets remain private and confidential. The FBI will continue to aggressively pursue those individuals who intentionally breach such confidentiality by stealing such secrets and using them for personal gain, or turning the information over to third parties.”

An Indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

In announcing the Indictment, United States Attorney Stephen J. Murphy commended the work of the Special Agents of the “Cyber Squad” of the Detroit Field Office of the Federal Bureau of Investigation. The prosecution is being handled by First Assistant United States Attorney Terrence Berg.

A copy of the Indictment may be obtained from the U.S. Attorney’s Office.



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July 5, 2006

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**EVENT: Sentencing**

**Defendant: Marshall Cousens**

**CHESTERFIELD TOWNSHIP RETAILER  
SENTENCED FOR SALE OF COUNTERFEIT PRODUCTS**

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Marshall Cousens, age 59, of Macomb, Michigan, formerly doing business as MC Trading, 30494 23 Mile Road, Chesterfield Township, Michigan, was sentenced to serve 18 months imprisonment for charges related to trafficking counterfeit goods United States Attorney Stephen J. Murphy announced today.

Cousens was sentenced today in U.S. District Court by the Honorable Julian Abele Cook.

Murphy was joined in the announcement by Brian M. Moskowitz, Special Agent in Charge, U.S. Immigration and Customs Enforcement (ICE).

On March 21, 2006, Cousens pleaded guilty to trafficking or attempting to traffic in counterfeit trademarked merchandise. In particular, Cousens offered for sale over 1,500 handbags which were purportedly manufactured by such designers as Prada, Kate Spade, Coach, Louis Vuitton, Burberry and Gucci, but were, in fact, fakes bearing imitation trademarks that were virtually indistinguishable from those registered by the designers in the United States

Patent and Trademark office. The evidence presented at the time of the plea showed that, on the date of his arrest, Cousens possessed with the intent to sell handbags and other counterfeit items with a retail value of over \$182,000, based on the discounted prices he charged for the counterfeit merchandise.

In addition to serving 18 months in prison, Cousens was also ordered to pay \$600 in special assessments and must serve two years of supervised release upon the completion of his custodial term. The Court also ordered the destruction of the seized counterfeit merchandise.

“Those who traffic in counterfeit merchandise are not only robbing businesses and their workers of their profits, they are stealing the goodwill, the reputation, and the public image that they have built through their hardwork and dedication to quality. These charges underscore the seriousness with which my office and the United States Immigration and Customs Enforcement, as well as other local, state and federal law enforcement agencies, view allegations of trafficking in counterfeit merchandise,” United States Attorney Murphy said. “Retailers and consumers alike must recognize that the knowing sale of counterfeit merchandise is a crime which may result in the incarceration of the offenders.”

“It’s estimated that U.S. industry alone loses \$200 to \$250 billion annually in lost revenue due to counterfeiting,” said Brian M. Moskowitz, Special Agent in Charge of the ICE Office of Investigations in Detroit. “That’s a major reason why we pursue counterfeiters such as Cousens. However, these investigations also help to protect the American consumer from inferior and unsafe products, and ensure that the interests of legitimate trademark holders are addressed.”

This matter was initiated by the Chesterfield Township Police Department, whose personnel executed a search warrant at MC Trading on February 9, 2005 and seized the counterfeit goods. The case was then turned over to the United States Immigration and Customs Enforcement for further investigation and prosecution.



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July 7, 2006

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**EVENT: Sentencing**

**Defendant: Ali Hussein Dakroub**

**DEARBORN MAN SENTENCED IN ATM ELECTRONIC SCAM**

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A Dearborn man was sentenced to one year and one day imprisonment for credit card fraud, United States Attorney Stephen J. Murphy announced today.

Ali Hussein Dakroub, 25, of Dearborn, was sentenced by United States District Judge Denise Page Hood on July 6, 2006.

Dakroub had pleaded guilty to two counts of credit card fraud committed about a year apart in 2004 and 2005. The first offense involved the placement of a phony card swiping device on local bank Automatic Teller Machines. The phony device recorded the information encoded on the magnetic strips of unsuspecting customers ATM cards when they swiped their cards through it. A small camera placed nearby enabled the defendant to observe the customers punching in their PINs. Defendant and his accomplice were located in a van in the bank parking lot and the camera was hooked up to a computer which assisted in retrieving the PINs as recorded by the camera. With this information, defendant and his accomplice were able to make counterfeit credit cards and access the customer's bank accounts. They obtained approximately \$79,000. The second offense involved defendant selling counterfeit

credit cards.

U.S. Attorney Murphy said, "When high tech tools are used to steal PIN numbers, the potential for large-scale fraud is dramatically increased. Fortunately, in this case, the U.S. Secret Service, which specializes in electronic crimes involving credit card fraud, had the skill and tenacity to successfully pursue this case, and the result is a prison sentence for the high tech criminal."

The case was prosecuted by Assistant United States Attorney Ross I. MacKenzie and was investigated by Special Agent Mark Nickerson of the U.S. Secret Service.



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July 7, 2006

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**EVENT: Guilty Plea**

**Defendant: Mark Gorman**

**STERLING HEIGHTS RETURN PREPARER PLEADS GUILTY TO PREPARING FALSE  
RETURNS**

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Mark Gorman, 55, of Sterling Heights, Michigan, pleaded guilty on July 6, 2006, to an information charging him with preparing false tax returns, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation.

Gorman entered the guilty plea in United States District Court before Judge Marianne O. Battani. According to the court records, in 2002, Gorman was in the business of preparing tax returns out of his home in Sterling Heights. During that year, he prepared 33 amended returns for taxpayers, which he knowingly and willfully included false deductions. The false charitable contributions, unreimbursed employee expenses, and business mileage placed on these returns caused the IRS to issue over \$103,000 in fraudulent refunds to these taxpayers.



“This plea represents this office’s strong stance against tax fraud. Our office will continue to prosecute and enforce the tax laws. We will take all appropriate action against those who willfully prepare false tax returns,” United States Attorney Murphy said.

"Abusive return preparers try and convince taxpayers that they have developed the necessary knowledge and skills to deceive the Internal Revenue Service, which is usually far from the truth," said Aouate. "It is the responsibility of every taxpayer to file correct and accurate federal tax returns, no matter who prepares them."

United States Attorney Murphy thanked the Internal Revenue Service Criminal Investigation for their investigation of the case. The United States was represented by Assistant United States Attorney Cathleen M. Corken.



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July 10, 2006

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**EVENT: Guilty Plea**

**Defendant: Dr. Eric Seiger, The Skin and Vein Center**

**SKIN AND VEIN CENTER PLEADS GUILTY TO IMPORTATION OF  
NON-FDA APPROVED MEDICAL DEVICES**

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The Skin and Vein Center (a/k/a "Dermatology Pathology, P.C.") with offices located in Troy, Westland, Southfield, and Fenton, Michigan, pleaded guilty to unlawful importation of goods into the United States, announced United States Attorney Stephen J. Murphy. The plea was entered on behalf of the company by Dr. Eric Seiger, a 50% shareholder in the Skin and Vein Center (SVC), today before the Hon. Denise Page Hood.

U.S. Attorney Murphy was joined in the announcement by Michael E. Cleary, Special Agent in Charge Food and Drug Administration, Office of Criminal Investigations (FDA) and Brian M. Moskowitz, Special Agent in Charge, U.S. Customs and Border Protection (ICE).

Dr. Eric Seiger, previously entered a guilty plea on July 5, 2006, in United States District Court before Judge Denise Page Hood. Seiger pleaded guilty to the misdemeanor offense of introducing a misbranded medical device into commerce.

“Members of the public must be able to trust that their doctor will not be administering drugs or treatments that are not approved by the FDA. Medical professionals, above all, will be held accountable if they intentionally misuse or administer unapproved drugs. I commend the FDA’s Office of Criminal Investigations, and ICE for their excellent investigation that led to this prosecution,” said United States Attorney Murphy.

The FDA Office of Criminal Investigations, under the direction of Special Agent in Charge Michael E. Cleary, Chicago Field office remains committed to working with their partners in law enforcement to protect the public’s health and safety.

According to Brian M. Moskowitz, Special Agent in Charge of the Immigration and Customs Enforcement, Office of Investigations in Detroit, “these guilty pleas are the result of an aggressive investigative partnership between the FDA and ICE. There is an obvious safety concern regarding the illegal importation and subsequent utilization of unlicensed medications and /or medical devices. ICE will continue to aggressively pursue individuals and organizations involved with the illegal importation of goods that may jeopardize the safety of our communities.”

Skin and Vein Center (“SVC”) is engaged in the business of providing office-based dermatological surgery and care, hair transplantation and varicose vein treatment. SVC is owned and managed by Dr. Sandy Goldman and Dr. Eric Seiger.

On September 2, 2004, federal agents executed search warrants at SVC’s four business locations. At the time of the execution of the warrant at the Fenton location, the office manager, knowing that the agents were searching for Perlane, attempted to hide quantities of Perlane in a locked shredder box in order to prevent the agents from discovering and seizing the Perlane. Perlane is a substance that was not then approved by the FDA, and was being used a dermatological filler to enlarge lips or reduce wrinkles.

Beginning in 2003, SVC unlawfully imported the medical devices Restylane and Perlane to the United States and administered them to its patients. Both Restylane and Perlane are temporary dermatological fillers administered via injection to enhance the recipient's appearance by, for example, enlarging the lips or minimizing facial lines and wrinkles.

Restylane and Perlane are classified under federal law as a Class III medical devices. Restylane was first approved by the United States Food and Drug Administration ("FDA") on December 12, 2003. Perlane was not approved by the FDA for any purpose prior to September 4, 2004. Prior to those respective times, as unapproved Class III medical devices, it was illegal to import or introduce Restylane or Perlane into commerce.

Knowing that Perlane and Restylane were not approved by the FDA, and knowing that their distributor would not ship either device to the United States, Seiger initiated a scheme to obtain Perlane via Canada.

Initially, Seiger made arrangements for shipments of Restylane and Perlane to be delivered to a location in Windsor, Canada. On two occasions, Seiger sent a SVC employee to Windsor to pick up the packages of Restylane and Perlane and bring the packages back to SVC's Troy location. On each occasion, Seiger paid the employee \$100 in cash from his personal funds. Seiger gave the employee explicit instructions to deny knowledge of the contents of the packages in the event the employee was questioned by U.S. Customs officials.

Seiger made arrangements for Restylane and Perlane to be shipped directly to SVC via a dentist's office in Pickering, Ontario. Whenever SVC needed more Restylane and Perlane, Seiger contacted the distributor directly and, while claiming to be a representative of the dentist's office, ordered more Restylane and Perlane on the dentist's account. After the Restylane and Perlane arrived at the dentist's office, an employee of the dentist would ship the Restylane and Perlane to SVC's Troy location. On some such occasions, the employee mislabeled the packages as containing dental bleach.

The count to which SVC pleaded guilty carries a maximum sentence of a \$500,000 fine. The count to which Seiger pleaded guilty carries a maximum sentence of 1 year imprisonment and/or a \$100,000 fine.

As part of the agreements reached with the government, SVC has agreed to forfeit \$412,048.61 to the United States Government.

The sentencing for Seiger and SVC is scheduled for November 9, 2006.

Mr. Murphy commends the excellent work of the FDA/OCI and Immigration and Customs Enforcement agents in this investigation. The case was prosecuted by Assistant United States Attorney Sarah Resnick Cohen.



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July 7, 2006

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**EVENT: Guilty Plea**

**Defendant: Imad Majed Hamadeh et al**

### **TWO MEN PLEAD GUILTY TO RACKETEERING**

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Imad Majed Hamadeh, 51, of Dearborn Heights and Theodore Schenk, 73, of Miami Beach, Florida each pleaded guilty to an Indictment charging them with conspiracy to Violate the Racketeer Influenced and Corrupt Organizations Act (RICO), United States Attorney, Stephen J. Murphy announced today.

Hamadeh and Schenk pleaded guilty in United States District Court in Detroit before the Honorable Gerald E. Rosen, United States District Judge. The indictment charged Hamadeh, Schenk, and 16 other defendants with operating a criminal enterprise to traffic in contraband cigarettes, counterfeit Zig Zag rolling papers and counterfeit Viagra, to produce counterfeit cigarette tax stamps, to transport stolen property, and to launder money. Some of the profits derived from the illegal enterprise were given to Hizballah, a foreign terrorist organization, according to the Indictment. Hamadeh and Schenk face a maximum possible penalty of 20 years imprisonment and a \$250,000 fine.

U. S. Attorney Murphy was joined in the announcement by Daniel D. Roberts, Special Agent in Charge of the Detroit FBI; Valerie J. Goddard, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives; Brian M. Moskowitz, Special Agent in Charge,

U.S. Immigration and Customs Enforcement, Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation; and Michael Cleary, Special Agent in Charge, FDA-Office of Criminal Investigation.

“Combating terrorism and protecting our citizens at home and abroad, is the Department of Justice’s number one priority. Raising money for designated terrorist organizations, like Hizballah, is a serious crime which will be vigorously pursued in the Eastern District of Michigan,” U.S. Attorney Murphy said. “We will do everything we can to expose, disrupt and prevent any all criminal activity which supports terrorist organizations.”

According to Brian M. Moskowitz, Special Agent in Charge of the Immigration and Customs Enforcement, Office of Investigations in Detroit, "ICE will continue to work with other law enforcement agencies to dismantle criminal organizations. Racketeering is a serious crime and ICE will continue to investigate those who exploit our borders to facilitate their criminal enterprise."

The Indictment charges that between 1996 and 2004, a group of individuals worked together in a criminal enterprise to traffic in contraband cigarettes, counterfeit Zig Zag rolling papers and counterfeit Viagra, to produce counterfeit cigarette tax stamps, to transport stolen property, and to launder money. The enterprise operated from Lebanon, Canada, China, Brazil, Paraguay and the United States.

Also named in the Indictment and currently awaiting a January 7, 2007 trial are: Karim Hassan Nasser, 37, of Windsor, Ontario; Fadi Mohamad-Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, 39, of Dearborn Heights; Jihad Hammoud, 47, of Dearborn; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohammed Fawzi Zeidan, 41, of Canton; and Adel Isak, 37, of Sterling Heights. An Indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Others charged in the Indictment, who are currently wanted as fugitives, believed to be outside the United States, are: Imad Mohamad-Musbah Hammoud, 37 of Lebanon, formerly of Dearborn; Hassan Ali Al-Mosawi, 49, of Lebanon; Hassan Hassan Nasser, 36, of Windsor, Ontario; Ali Ahmad Hammoud, 64, of Lebanon; Karim Hassan Abbas, 37, formerly of Dearborn; Hassan Mohamad Srour, 30, of Montreal, Quebec; Naji Hassan Alawie, 44, of Windsor, Ontario; and Abdel-Hamid Sinno, 52, of Montreal, Quebec.

The Indictment alleges that Imad Hammoud, along with his partner, Hassan Makki, ran

a multi-million dollar a year contraband cigarette trafficking organization headquartered in the Dearborn, Michigan, area between 1996 and 2002. Makki pleaded guilty in 2003 in federal district court in Detroit to racketeering and providing material support to Hizballah. Some of the cigarettes were supplied to the organization by Mohamad Hammoud, who was convicted in 2002 in federal district court in Charlotte, North Carolina, of, among other crimes, racketeering and providing material support to Hizballah. Makki and Mohamad Hammoud, who were not charged in the indictment unsealed today, were identified as unindicted co-conspirators. They both are currently serving prison sentences relating to their activities in this matter.

The Indictment further charges that the group would obtain low-taxed or untaxed cigarettes in North Carolina and the Cattaraugus Indian Reservation in New York and bring them into Michigan and the State of New York for the purpose of evading tens of millions in state cigarette taxes. The enterprise obtained large profits by reselling the cigarettes at market prices in Michigan and New York. The enterprise sometimes used counterfeit tax stamps to make it appear that the state taxes had been paid.

According to the Indictment, portions of the profits made from the illegal enterprise were given to Hizballah. Some members of the enterprise charged a "Resistance Tax," being a set amount over black market price per carton of contraband cigarettes, which their customers were told would be going to Hizballah. Some members of the enterprise also solicited money from cigarette customers for the orphans of martyrs program run by Hizballah in Southern Lebanon to support the families of persons killed in Hizballah suicide and other terrorist operations.

In announcing the guilty pleas, United States Attorney Stephen J. Murphy commended the work of the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Special Agents of the Bureau of Immigration and Customs Enforcement, the Internal Revenue Service, the Food and Drug Administration, Michigan State Police and the Dearborn Police Department. The case is assigned to Assistant U.S. Attorneys Kenneth R. Chadwell and Barbara L. McQuade.





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July 7, 2006

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**EVENT: Guilty Plea**

**Defendant: Mark Gorman**

**STERLING HEIGHTS RETURN PREPARER PLEADS GUILTY TO PREPARING FALSE  
RETURNS**

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Murphy was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation.

Gorman entered the guilty plea in United States District Court before Judge Marianne O. Battani. According to the court records, in 2002, Gorman was in the business of preparing tax returns out of his home in Sterling Heights. During that year, he prepared 33 amended returns for taxpayers, which he knowingly and willfully included false deductions. The false charitable contributions, unreimbursed employee expenses, and business mileage placed on these returns caused the IRS to issue over \$103,000 in fraudulent refunds to these taxpayers.

“This plea represents this office’s strong stance against tax fraud. Our office will continue to prosecute and enforce the tax laws. We will take all appropriate action against those who willfully prepare false tax returns,” United States Attorney Murphy said.

"Abusive return preparers try and convince taxpayers that they have developed the necessary knowledge and skills to deceive the Internal Revenue Service, which is usually far from the truth," said Aouate. "It is the responsibility of every taxpayer to file correct and accurate federal tax returns, no matter who prepares them."

United States Attorney Murphy thanked the Internal Revenue Service Criminal Investigation for their investigation of the case. The United States was represented by Assistant United States Attorney Cathleen M. Corken.



**U.S. Department of Justice**

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**July 12, 2006**

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**FOR IMMEDIATE RELEASE**  
Detroit, Michigan

**DETROIT MAN PLEADS GUILTY TO MAIL FRAUD**

A 60 year-old Detroit man pleaded guilty today in federal court to one count of mail fraud charging him with a scheme to defraud Detroit homeowners whose homes were in foreclosure and causing them to mail money orders to an entity he set up in California in the belief that they would be able to cure their arrearage and reinstate their mortgages, United States Attorney Stephen J. Murphy announced today.

Pleading guilty before U.S. District Judge George Caram Steeh was Richard Leroy Davis of Detroit, Michigan.

The fraud arose when Richard Davis, and his associates, began operating out of residential locations on the East side of Detroit in January 2001 and continuing until July 2003. Davis did business under the name of FTA (Foreclosure & Tenant Association) and, later, Realco. Davis and his associates obtained the addresses of properties in mortgage foreclosure from the *Detroit Legal News*, then obtained the homeowners names, and sent advertising fliers addressed to the financially distressed homeowners representing that they could help save their homes and delay their foreclosure proceedings up to 6 months. Davis charged the distressed homeowners a \$1,000 fee for his services and then eventually filed a bankruptcy petition under a third party's name listing an interest in the distressed homeowner's property. The filing of the bankruptcy petition served to stop the foreclosure. The named debtors in the bankruptcy cases failed to appear and the case would eventually be dismissed. The foreclosure proceeding was stayed, however, until the mortgage companies could get the bankruptcy court to permit it to continue its foreclosure. The U.S. Trustees Office, which is responsible for enforcing the Bankruptcy Code and rules for the Bankruptcy Court, has identified more than 20 such fraudulent petitions filed with the Bankruptcy Court in Detroit between January 2001 through July 2003.

Davis also instructed the distressed homeowners to send their monthly mortgage payments to entities he set up in California called the TIB Land Group, L.L.C. and later West Coast Land Group, LLC in Los Angeles, California under the belief that they were curing or reinstating their mortgage defaults. The homeowners would then be surprised to receive

eviction notices.

"Taking advantage of financially distressed homeowners during troubled times is a reprehensible crime," said U.S. Attorney Murphy. "Moreover, this case involved a gross abuse of the federal bankruptcy court system, which depends on the honesty and integrity of debtors seeking a fresh start. We will aggressively pursue such abuses."

The count to which he pleaded guilty, carries a maximum sentence of 20 years imprisonment and a \$250,000 fine.

Davis' sentencing is scheduled for October 16, 2006 at 10 a.m.

The investigation of this case has been conducted by Special Agent Claudia Link of the FBI Office in Detroit and prosecuted by Assistant U.S. Attorney Ross I. MacKenzie and Special Assistant U.S. Attorney Leslie K. Berg. Substantial support was received from the U.S. Trustees Office charged with administering bankruptcy cases.



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July 12, 2006

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**EVENT: Guilty Plea**

**Defendant: Kenneth Joseph Wojciechowski**

**NEW BALTIMORE MAN PLEADS GUILTY IN CONSTRUCTION**

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A 37 year-old New Baltimore, Michigan man pled guilty yesterday in federal court to one count of an Information charging him with a scheme to defraud insurance companies and contractors out of approximately \$275,000 in premium payments, United States Attorney Stephen J. Murphy announced today.

Pleading guilty before U.S. District Judge John Corbett O'Meara was Kenneth Joseph Wojciechowski of New Baltimore, Michigan.

The fraud arose when Wojciechowski, owner and operator of Professional Surety Services (PSS) in Warren, Michigan and, later, New Baltimore, a licensed surety and performance bond agency authorized to issue bonds on behalf of a number of insurance carriers, began diverting premium payments PSS received for surety and performance bonds it issued during 2004 and 2005. Wojciechowski also issued a number of unauthorized bonds that had not been approved by the various insurance carriers using the seals and powers of attorney provided to PSS by the insurance carriers.

United States Attorney Stephen J. Murphy stated, “By issuing unauthorized bonds, defendant put a number of contractors and, ultimately, construction project owners at a substantial risk of loss. Contractors need performance and surety bonds in order to protect the project owner – often school districts and other local government units – against liability claims that may arise during the course of a construction project. When these bonds are phony, the potential harm to contractors and project owners can be very great.”

The mail fraud count to which defendant pleaded guilty, carries a maximum sentence of 20 years imprisonment and a \$250,000 fine.

Wojciechowski’s sentencing is scheduled for November 7, 2006 at 2 p.m.

The investigation of this case has been conducted by Inspector Kathryn Woliung of the U.S. Postal Inspection Service in Detroit and prosecuted by Assistant U.S. Attorney Ross I. MacKenzie.



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July 13, 2006

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**EVENT: Sentencing**

**Defendant: Andrew M. Brown**

**FENTON RESTAURANT OWNER SENTENCED FOR CHEATING ON TAXES**

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The owner of Andrico's Restaurant in Fenton, Michigan was sentenced on July 11, 2006 to 10 months home confinement and three years probation, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Maurice Aouate, Special Agent In Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation.

Andrew M. Brown, Jr., 52, of Fenton was sentenced by United States District Court Judge Paul V. Gadola.

Brown pleaded guilty on March 28, 2006 to an information charging him with tax evasion. According to the court records, Brown, owned and operated Andrico's, which generated substantial cash receipts, but that during 1999 and 2000 he did not report to his accountant all of the cash received. On or about April 14, 2000, Brown signed and filed a tax return stating that his taxable income for the year 1999 was \$175,325; but, in addition to that taxable income, Brown had received and personally used about \$128,374 in cash received at

Andrico's.

Judge Gadola also ordered Brown to pay \$10,000 fine, in addition to the 10 months home confinement and three years probation. Brown was also ordered to cooperate with IRS and has since made a \$100,000 payment to handle his civil tax liabilities.

"Tax evasion is not a victimless crime. Honest, hardworking Americans pay the price when others choose to evade their tax obligations. We will do all we can to make certain that our efforts result in voluntary compliance," U.S. Attorney Murphy said.

"The Internal Revenue Service spends a great deal of its resources in identifying individuals who willfully and intentionally violate their known legal duty of voluntarily filing returns and paying the correct amount of income tax," said Aouate. "We will continue to work with the United States Attorney to make sure that there are consequences to one's willful actions."

The case is being prosecuted by Assistant U.S. Attorney Robert W. Haviland.





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**For Immediate Release:**

**Contact:** Gina Balaya - (313) 226-9193

July 21, 2006

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**EVENT: Sentencing**

**Defendant: Verenda Arnold et al**

### **THREE PEOPLE CHARGED IN BATES INVESTIGATION**

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Three people were charged in relation to the investigation of former Detroit City Councilman Alonzo Bates, United States Attorney Stephen J. Murphy announced today. Britni Barber, 25, of Atlanta, Georgia, was charged by information with theft of government property in relation to her receiving payments from the City of Detroit for working for Bates while she was actually attending school in New York City. The theft occurred between January and October of 2004. Michael Rosett, 69, of Farmington Hills, was charged with misprision of a felony for failing to report a bribe allegedly paid to Bates by his former employer, Filmore Construction Company, a Detroit City contractor, in December of 2002. Also charged today was Verenda Arnold, 47, of Detroit. Arnold was charged with theft of government property for being paid by the City of Detroit to work for Bates at times she was actually working for an area hospital. If convicted, Rosett faces up to 3 years in prison and a fine of \$250,000. Barber and Arnold face up to a year in prison and a fine of \$100,000

Murphy was joined in the announcement by Daniel D. Roberts, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation, Maurice Aouate, Special Agent In Charge of the Detroit Field Office of the Internal Revenue Service, Criminal

Investigations Division, and Detroit Police Chief Ella M. Bully-Cummings.

Daniel D. Roberts, Special Agent in Charge, Federal Bureau of Investigation (FBI) Detroit, Michigan advised, "Rooting out public corruption is exceptionally difficult but it is a mission for which the FBI is well positioned to investigate. Public corruption is the FBI's top criminal investigative priority and we will continue to aggressively investigate those public officials - both elected and appointed - who abuse their office for personal gain."

The investigation leading up to the indictment was conducted by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigations Division and the Detroit Police Department. The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta.



# Department of Justice

**United States Attorney Stephen J. Murphy  
Eastern District of Michigan**

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FOR IMMEDIATE RELEASE  
TUESDAY, JULY 18, 2006

CONTACT: GINA BALAYA  
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CORRECTED VERSION

## Department of Justice Announces Nationwide Settlement Agreement with Jo-Ann's Stores, Inc. Creating Sweeping Accessibility Improvements for People with Disabilities

The United States Department of Justice today announced a settlement under Title III of the Americans with Disabilities Act (ADA) with Jo-Ann's Stores, Inc., one of the nation's largest fabric and craft stores. JoAnn's 840 stores will now be accessible to people with disabilities.

"Individuals with disabilities should be able to use retail establishments like other members of the public" said Stephen J. Murphy, United States Attorney for the Eastern District of Michigan. "I commend Jo-Ann's for its commitment to take the steps necessary to make its stores accessible. The improvements outlined in this settlement will make it possible for individuals with disabilities to use the stores in an unimpeded manner, and in particular, navigate the aisles freely."

"Providing the same retail shopping experience for individuals with disabilities that other patrons enjoy delivers on the promise of the ADA," said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. "I commend Jo-Ann's Stores for their commitment to working with us to make their stores more accessibility for the entire community."

The Agreement resolves alleged violations of the ADA. The Justice Department initially conducted an investigation after it received complaints about accessibility at Jo-Ann's stores from individuals with disabilities in several states. The investigation concluded that many of the spaces and elements of Jo-Ann's stores were not in compliance with the ADA. Jo-Ann's has worked actively and cooperatively with the Department throughout its investigation and to reach this Settlement Agreement, which resolves complaints from the Eastern District of Michigan, the Northern District of California, and the Eastern District of Wisconsin.

The Agreement covers entrances, the size of aisles, merchandise display areas, fabric cutting areas, check out counters, and other spaces and elements at new and existing stores. It requires Jo-Ann's to:

- ✓ hire an ADA Consultant to assist Jo-Ann's with implementation of the Settlement Agreement and designate a corporate ADA Coordinator;
- ✓ conduct a survey of every Jo-Ann's store for compliance with the ADA over a four year period;
- ✓ conform all elements of each store that deviate from the ADA Standards for Accessible Design or that are barriers to access surveyed within one year of the store's survey; and,
- ✓ complete ADA training of all personnel involved in the implementation of the Agreement and all store managers, and incorporate ADA training into Jo-Ann's training curriculum for all new employees.

Anyone interested in finding out more about the ADA or the agreement can call the Justice Department's toll-free ADA Information Line at 800-514-0301 or 800-514-0383 (TTY), or access its ADA Web site at <http://www.ada.gov>.



**U.S. Department of Justice**

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July 27, 2006

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**EVENT: Indictment**

**Defendant: Roxie Burton et al**

**SAGINAW RESIDENTS INDICTED**

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Eight individuals were indicted by a federal grand jury in Bay City, Michigan, on July 12, 2006, relating to charges of conspiracy to distribute crack cocaine, distribution of crack cocaine and use of a communication facility to facilitate a drug trafficking crime, United States Attorney Stephen J. Murphy announced today. The indictment was sealed by court order until today. Named in the 25-count indictment were:

Roxie Burton, Jr., 27  
Damarlin M. Beavers, 22  
Terry J. Burt, 27  
Jason D. Lee, 25  
Gerald J. Walker, 23  
George E. Trice, 24  
Thomas N. McCray, 25 and  
Angelis C. Beavers, 37.

All eight individuals are residents of Saginaw.

Murphy was joined in the announcement by Special Agents in Charge Valerie J.

Goddard of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and Daniel D. Roberts, of the Federal Bureau of Investigation.

The indictment charges that from an unspecified time in the past to approximately June 14, 2006, these individuals conspired to distribute crack cocaine in the Saginaw area, primarily in a portion of the City commonly known as the South Side or the Sunnyside. The indictment also charges specific crack cocaine distributions, the use of telephones to facilitate the drug conspiracy and felon in possession of firearms and possession of firearms during and in relation to a crime of violence or drug trafficking crime.

Murphy stated, "Crack destroys its users, their families, and their neighborhoods. We will spare no effort in pursuing the purveyors of this pernicious drug, disrupting their trade, and eliminating their organizations. I commend the excellent local - federal law enforcement team that conducted this investigation."

Goddard stated, "This indictment highlights the significance of our effort to remove predatory drug dealers and armed convicted felons from our streets. Our combined law enforcement effort in reducing violent crime in the Saginaw area remains a top priority."

Roberts stated, "We want to send a message to the community that this type of activity committed by violent street gangs will not be tolerated and we will continue to prioritize and aggressively investigate violent street gang activity." The FBI was proud to have partnered with the Michigan State Police, the Saginaw City Police, the Saginaw County Police and the Bureau of Alcohol, Tobacco, Firearms and Explosives in the investigation of this violent street gang.

An indictment is only a charge and is not evidence of guilt. The defendants are entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

The case was investigated by special agents of the ATF and the FBI in partnership with the Michigan State Police and the Saginaw area police agencies with officers assigned to the Bay Area Narcotics Enforcement Team (BAYANET). The case is being prosecuted by Assistant U.S. Attorney Michael Hluchaniuk.



**U.S. Department of Justice**

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July 14, 2006

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**EVENT: Guilty Plea**

**Defendant: Elena Szilvagy**

**FORMER HOME HEALTH CARE OWNER PLEADS GUILTY TO FRAUD**

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The former owner of one of Michigan's largest home health care companies pleaded guilty Thursday, July 13, 2006, to defrauding Medicare by forming two spin-off companies in a fraudulent scheme to avoid repaying a \$7 million debt to Medicare, United States Attorney Stephen J. Murphy announced today.

Elena Szilvagy, 55, of Clarkston, also pleaded guilty to one count of conspiring to obstruct a criminal health care fraud investigation, before U.S. District Judge Lawrence Zatkoff in federal court in Port Huron, Michigan.

Szilvagy, the former president of Prime Care Services (PCS), a Southfield-based home health agency with more than 400 employees, had been charged by the federal Grand Jury in January 2006 along with co-defendant Jesse Cruz. At the plea hearing, Szilvagy admitted that after auditors determined her company owed Medicare \$7 million for questionable reimbursements, she conspired with others to create two other Detroit area home health care companies, Health Care Partners (HCP) and Autumn Ridge Home Health Care (ARHHC). The plot, which Szilvagy said was designed by her professional and financial advisors, was

orchestrated beginning in fall 2000 as part of a scheme to avoid repaying debts to Medicare run up by PCS between 1997 and 2000. By hiding her ownership role in the two spinoff companies from Medicare and conspiring with the fictional “owners” of the new companies to transfer all of PCS’s assets, employees and patients to HCP and ARHHC, she was able to avoid repaying the debt. According to the Indictment, co-defendant Jesse Cruz was charged with acting as the “owner” of ARHHC and making false statements in connection with Medicare claims.

United States Attorney Murphy said, “This conviction sends a powerful message that companies who owe money to Medicare for past billing irregularities cannot avoid repaying the debt by simply hanging a new sign on the wall and continuing to do business under a new corporate name.” Murphy said the obstruction conviction makes it clear that lying to federal investigators is a serious crime and anyone offering bribes to witnesses, no matter the amount of the bribe, will be prosecuted.

The two new convictions are in addition to the 48-month prison sentence Szilvagy is serving for a separate federal health care fraud conviction in the Western District of Michigan related to a scheme in which she fraudulently billed Medicare more than \$800,000 for the cost of a 10,000-square foot home on a golf course near Pine Knob in Clarkston. Last year, Judge Zatkoff awarded the United States a \$2.5 million judgment in a civil case brought by the United States against Szilvagy to recover the costs of that crime.

At the plea hearing, Szilvagy admitted that she had offered a \$250 bribe to a witness on Cruz’s behalf, in order to get the witness to change the witness’ story.

Cruz and his company have pleaded not guilty to the charges. An Indictment is only a charge and the defendant is presumed innocent until proven guilty beyond a reasonable doubt. Trial is expected to be scheduled later this year or early 2007.

Murphy was joined in the announcement by Daniel D. Roberts, FBI Special Agent in Charge, and Lamont Pugh III, Acting Special Agent in Charge of Health and Human Services, Office of the Inspector General (“HHS-OIG”).



Each of the counts Szilvagyí pleaded guilty to carry a maximum sentence of 5 years imprisonment and a \$250,000 fine. As part of the plea agreement, the United States said it would not oppose that her new sentence be served concurrently with her current sentence which is expected to end in December 2007. The final decision on the sentence is up to Judge Zatkoff, who scheduled sentencing for October 5, 2006.

The new convictions mark the latest development in a four-year-old investigation of Szilvagyí, Prime Care, Health Care Partners and Autumn Ridge Home Health Care by special agents with the FBI and the Health and Human Services Office of the Inspector General. The case is being prosecuted by Assistant U.S. Attorney James Mitzelfeld.