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BANKRUPTCY FRAUD, BANK FRAUD, RESULT IN 21-MONTH PRISON SENTENCE

Terri Gail Hemenway of Gilbert, Ariz., on March 23 was sentenced to 21 months in prison and three years supervised release, and ordered to pay restitution totaling more than \$30,000 to eight creditors, for engaging in bankruptcy fraud and bank fraud. Hemenway was one of nine Arizona defendants charged during "Operation Total Disclosure," Attorney General Janet Reno's nationwide crackdown on bankruptcy fraud.

Between 1989 and 1996, Hemenway and her husband filed 12 separate bankruptcy cases in Arizona and Colorado. In 1995, Hemenway used a falsely acquired Social Security number to finance the purchase of a \$20,000 automobile and obtain a bank credit card. Hemenway then filed two separate bankruptcy cases under the assumed Social Security number to delay repossession of the automobile and to delay eviction from her apartment. Subsequently, even after charges had been filed against her, Hemenway negotiated a check that was sent to her residence as a credit solicitation to a prior occupant, forging his signature to open a line of credit under his name.

Hemenway pleaded guilty Feb. 27 to a violation of 18 USC 157, relating to bankruptcy fraud, and a violation of 18 USC 2113(a), relating to entering a bank with intent to commit theft.

"Hemenway's sentencing demonstrates that individuals who attempt to abuse the bankruptcy system face serious criminal penalties, including prison time," according to Brenda Moody Whinery, United States Trustee for the District of Arizona. The United States Trustee Program is a component of the Justice Department that supervises the administration of bankruptcy cases

nationwide.

The United States Trustee's office in Phoenix, Ariz., referred the case to the Bankruptcy Fraud Task Force for the District of Arizona, and assisted in the investigation and prosecution. Bankruptcy Fraud Task Forces bring together representatives from various law enforcement agencies to work as a team identifying potential bankruptcy fraud referrals and pursuing successful prosecutions.

The Bankruptcy Fraud Task Force for the District of Arizona includes representatives from the United States Trustee Program, the United States Attorney's Office, the Federal Bureau of Investigation, the Internal Revenue Service's Criminal Investigation Division, the Social Security Administration, the Department of Veterans Affairs, and the Department of Housing and Urban Development. The Hemenway case was prosecuted by Daniel R. Drake, Assistant United States Attorney for the District of Arizona.

"Operation Total Disclosure," announced by the Attorney General Feb. 29, 1996, focused on prosecuting bankruptcy filers who illegally concealed assets, filed fraudulent bankruptcy petitions, or otherwise abused the bankruptcy system. Seven cases were prosecuted in Arizona, involving nine defendants charged with offenses that included embezzling bankruptcy estate funds, under-reporting assets, and filing multiple bankruptcy filings using false identities.

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