



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*



For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Vera Fedorak (313) 202- 3407

Aug 9, 2007

EVENT: Guilty Plea

Defendant: Labaron Wardlaw et al

TWO PLEAD GUILTY TO MAJOR DRUG CONSPIRACY CHARGES

Two defendants involved in a drug trafficking conspiracy centered in Jackson, MI, have entered guilty pleas in United States District Court to drug charges announced United States Attorney Stephen J. Murphy today.

United States Attorney Murphy was joined in the announcement by Valerie Goddard, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives.

Pleading guilty today before U.S. District Judge John Corbett O'Meara was Labaron Wardlaw, 34 from Detroit. Nequita Jackson, 20, also of Detroit, pleaded guilty before Judge O'Meara yesterday, August 8, 2007.

In entering their guilty pleas, both defendants acknowledged that from October 21, 2005, through March 24, 2006, they engaged in a drug trafficking conspiracy by supplying

several drug locations in Jackson, Michigan, with crack cocaine for resale to others. The conspiracy involved in excess of 1.5 kilograms of cocaine base.

“This prosecution shows the powerful reach into criminality that joint cooperation between federal and local authorities can have,” stated United States Attorney Murphy. “Anytime a drug dealer considers marketing their poisonous wares in any community in this district, they should be aware that a united front of law enforcement will be present to investigate and shed light on their illicit activities.”

Special Agent in Charge Valerie Goddard said, “ Our focus on gun crime through the Project Safe Neighborhood initiative in Jackson many times leads us to uncovering large drug conspiracies such as we see in this case. We know that drugs and guns go hand in hand resulting in an increase of violent crime. ATF's strategy of focusing on the guns and violence has been successful in shutting down a major supplier of narcotics in the Jackson area. I commend Chief Ervin L. Portis, Jackson Police Department, for implementing the Project Safe Neighborhood Initiative in Jackson and know that he will continue to see positive results.”

The two defendants entered their guilty pleas in accordance with plea agreements they negotiated with the government. The charges to which the defendants both pled guilty carry a maximum penalty of life imprisonment, a \$4,000,000 fine, or both.

Judge O'Meara scheduled Jackson's sentencing for December 4, 2007 and Wardlaw's sentencing for November 7, 2007.

The investigation of this case has been conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives, with cooperation and assistance from the City of Jackson Police Department and the Jackson County Prosecutor's Office. The case was prosecuted by Assistant U.S. Attorney Susan E. Gillooly, to whom United States Attorney Murphy offered sincere thanks.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 20, 2007

EVENT: Sentencing

Defendant: Aisha Griffin

**FORMER VETERAN AFFAIRS EMPLOYEE SENTENCED
FOR STEALING DRUGS**

A former pharmacy technician at the Veteran Affairs Medial Center in Detroit was sentenced to 5 months in prison, 5 months home confinement and ordered to pay restitution in the amount of \$50,975.70 by a federal judge after pleading guilty to stealing prescription drugs, United States Attorney Stephen J. Murphy announced. Joining U.S. Attorney Murphy in the announcement were John W. Brooks, Special Agent in Charge, Department of Veterans Affairs, Office of Inspector General and Robert Corso, Special Agent in Charge, Drug Enforcement Administration.

Aisha Griffin, 31, of Detroit, was sentenced by United States District Court Judge Paul D. Borman.

The evidence presented to the court at the time of Griffin's plea showed that on June 28, 2006, agents from the Drug Enforcement Administration conducted a search at Griffin's home and found five pounds of marijuana, packaging material and a scale along with

approximately 70 bottles of prescription medication. The prescription medication most of which was still in the manufacturer's bottles, was traced back to the Veteran Affairs Medical Center in Detroit where Griffin was employed as a pharmacy technician. With the assistance of the VA Pharmacy staff over twenty different prescription medications of varying strength, many of which were uncommon and expensive drugs, were identified. The total loss to the Department of Veterans Affairs exceeded \$50,000. Griffin maintained the prescription medication knowing it had been embezzled or stolen intending to convert the drugs to her own use.

Mr. Murphy commended the work of the Drug Enforcement Administration as well as the special agents of the Office of Inspector General, Department of Veteran's Affairs.

The case was prosecuted by Assistant United States Attorney Jeanine Jones.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore – IRS CI (313) 234-2410

Aug 3, 2007

EVENT: Sentencing

Defendant: Nina Sewell

**Detroit Canada Tunnel Corporation Employees Sentenced
in Tax and Embezzlement Investigation**

Nina Sewell, 35, of Detroit, was sentenced to 24 months imprisonment yesterday followed by three years supervised release, United States Attorney Stephen J. Murphy announced. As part of the sentence, Sewell was also ordered to pay \$365,508.97 in restitution to the Detroit Canada Tunnel Corporation (DCTC) and pay her tax liability to the Internal Revenue Service. On March 30, 2007, she pleaded guilty to bank fraud and filing a false statement with the IRS. This sentence was handed down by United States District Court before Judge Robert H. Cleland.

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 and Andrew G. Arena, Special Agent in Charge of the Federal Bureau of Investigation.

United States Attorney Stephen J. Murphy said, "Any employee who abuses his or her position to take control of hundreds of thousands of dollars of company money for personal

profit is defrauding not only the employer, but the everyday customer. In this case, the crime was compounded by not reporting the income, which also constitutes an embezzlement upon the American taxpayer.”

“Embezzling income does not make it tax free,” said Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation Aouate. “Whether you earn your income legally or illegally, it is the responsibility of every taxpayer to file correct and accurate federal tax returns.”

According to court records, between 1999 through 2004, Latitia Waters, 41, of Detroit, was employed as a payroll clerk for DCTC with the responsibility of preparing the payroll for her supervisor’s approval, submitting the approved payroll records to Bank One, and submitting records to IRS. After payroll records were approved, she changed the payment amounts, increasing her pay. Waters embezzled over \$620,000 during this time period.

Sewell assisted Waters in the embezzlement, who was also employed at DCTC. Waters began making payroll deposits to Sewell’s bank account, in the same manner. Even after Sewell left the employment of DCTC, she continued to make payments to her account. Sewell received over \$365,000 as the results of this fraudulent scheme.

On January 9, 2007, after pleading guilty to bank fraud and filing a false statement with the IRS, Waters was sentenced to 30 months imprisonment, followed by three years supervised release. She was ordered to pay \$623,178.83 in restitution to the Detroit Canada Tunnel Corporation (DCTC) and pay her tax liability to the Internal Revenue Service.

According to court records, Waters and Sewell filed false tax returns with the Internal Revenue Service, signed under penalties of perjury, failing to report their embezzled income.

United States Attorney Murphy thanked the Internal Revenue Service Criminal Investigation and the FBI for their investigation of the case. The United States was represented by Assistant United States Attorney Blondell L. Morey.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Richard Isaacson - DEA (313) 234-4310
Steve Moore - IRS (313) 234-2410

Aug 6, 2007

EVENT: Guilty Plea

Defendant: Gwendolyn Browen

**Canton Woman Pleads Guilty to Money Laundering by Cashing in Winning
Lotto Tickets Purchased with Drug Proceeds**

Gwendolyn Browen, 37, of Canton, pleaded guilty to a money laundering charge and agreed to forfeit \$666,966 in cash and assets traceable to drug proceeds, announced United States Attorney Stephen J. Murphy. Mr. Murphy was joined in the announcement by Special Agent in Charge Robert L. Corso, Drug Enforcement Administration and Special Agent in Charge Maurice Aouate, Internal Revenue Service Criminal Investigation.

According to court records, during 2002 through July 2005, Browen, the girlfriend of Terry Flenory, conspired to conceal the true ownership of Flenory's drug proceeds by redeeming winning State of Michigan lottery tickets, totaling over \$666,966. These winning lottery tickets were purchased at a higher than fair market value and given to Browen to redeem. With these proceeds, she purchased a home in Canton, Michigan, a 2004 Range Rover SUV, and a 2005 BMW. She also tried to hide the true source of the money by claiming the lottery winnings on her federal income tax returns, making it appear as if she had legitimate explainable income.

According to court records, Terry Flenory, Demetrius Flenory and at least fifty-six others operated a drug organization, at some point named the "Black Mafia Family" (BMF), which dealt in multi-kilo quantities of cocaine in the Detroit metropolitan area beginning in the early 1990's. By the mid 1990's, the organization extended into other parts of the country including Kentucky, Georgia, Missouri, California, and Texas. As part of the conspiracy, BMF would use vehicles equipped with traps and hidden compartments to conceal and transport the cash generated from the sale of cocaine.

United States Attorney Murphy said, "This office will vigorously prosecute persons who facilitate the crimes of drug dealers by concealing the illegal profits from narcotics sales."

Since 2000, law enforcement has seized approximately 500 kilograms of cocaine and approximately nineteen million dollars in assets, including bank accounts, cash, real property, jewelry and vehicles. The members of this organization, using the illegal proceeds of their narcotic sales, purchased and leased numerous luxury vehicles, acquired and sold real property and purchased jewelry while concealing the true source and nature of the funds involved in the transaction through false names and nominee purchasers.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 6, 2007

EVENT: Sentencing

Defendant: Lance Newman

FORMER DETROIT POLICE OFFICER SENTENCED

A former Detroit police Department homicide detective was sentenced today to 12 months plus one day in prison for a charge related to his defrauding the family of a murder victim, United States Attorney Stephen J. Murphy announced.

Joined in the announcement was Andrew G. Arena, Special Agent in Charge of the Federal Bureau of Investigation.

Lance Newman, 43, of Detroit, was sentenced by United States District Judge Gerald E. Rosen.

Newman pleaded guilty in April, 2007, to one count of wire fraud. The charge was based on Newman's obtaining over \$12,000 from an Ann Arbor family by falsely telling the family that he had personally incurred expenses in that amount while investigating the 2005 murder of a member of that family in southwest Detroit. In particular, the evidence showed that Newman claimed that he had been forced to spend his own money to provide housing in order to protect a witness in the murder case. The murder victim's family gave the money to

Newman in the belief that he had really incurred the expenses he claimed. Newman admitted, however, at the time he pled guilty and again during sentencing, that he had not incurred any personal expenses.

United States Attorney Murphy stated, “Anytime a defendant abuses a position of trust and honor – such as that of police detective in a major metropolitan city – for exploitation and personal gain, the penalties will be swift and sure, and appropriately so, as today’s yearlong sentence illustrates. The behavior in this case was especially serious insofar as it victimized a family experiencing the grief associated with the murder of a family member.”

At the sentencing, Judge Rosen noted that the evidence was uncontradicted that Newman had done many honorable things in his life, including service in the United States Marine Corps and excellent work as a Detroit police officer. But Judge Rosen also noted that the community had reposed its trust in Newman as a police officer, and stated that Newman’s violation of that trust required a sentence of imprisonment.

In addition to the imprisonment, Judge Rosen sentenced Newman to two years of supervised release, during which he must perform 400 hours of community service and must make full restitution to the victims of his fraud.

United States Attorney Murphy thanked the FBI and the Detroit Police Department who cooperated in the successful investigation of this case, which was ably prosecuted by Assistant United States Attorney Lynn Helland.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 7, 2007

EVENT: Sentencing

Defendant: Silverio DiFazio

CANADIAN CITIZEN SENTENCED ON ECSTASY CHARGES

A Canadian citizen was sentenced today in federal court in Detroit for possessing nearly 39,000 ecstasy pills, announced United States Attorney Stephen J. Murphy. Murphy was joined in the announcement by Special Agent in Charge Brian Moskowitz, Bureau of Immigration and Customs Enforcement.

Receiving the sentence was Silverio DiFazio, 42, of Windsor, Ontario, Canada.

United States District Judge Robert Cleland sentenced DiFazio to 48 months in custody, followed by two years of supervised release.

United States Attorney Stephen J. Murphy said, "In a day and age when the known effects of Ecstasy are profoundly harmful, today's sentence for bringing almost 39,000 pills into the US should be a strong deterrent against such dangerous drug trafficking. In addition, those drug traffickers who would seek to bring their nefarious wares across our borders should be

aware that ICE agents specifically trained in sophisticated means for detecting the introduction of contraband into our country will be there to stop them.”

DiFazio pleaded guilty to the offense in April of this year. The information presented to the court at the time of the plea established that on November 27, 2006, DiFazio entered the United States through the Detroit/Windsor Tunnel. U.S. Customs Officers discovered 39,000 ecstasy pills hidden in the spare tire of the rented pick-up truck driven by DiFazio. The pills were destined for delivery and further distribution within the Detroit metropolitan area and had an estimated street value in excess of \$780,000.

The case was investigated by special agents of the Bureau of Immigration and Customs Enforcement and prosecuted by Assistant United States Attorney David Gardey.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Greg Palmore - ICE (313) 226-0726

Aug 14, 2007

EVENT: Guilty Plea

Defendant: Karl Kaechele

Retired Florida Truck Driver Pleads Guilty to Sex Tourism

Sex journals and logs of victims discovered in luggage

A Florida man pleaded guilty on August 13, 2007 after traveling to foreign countries to engage in sex with minors, announced United States Attorney Stephen J. Murphy.

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

Karl Kaechele, 64, was indicted in April 2005 and pleaded guilty to travel with intent to engage in illicit sexual conduct, more commonly known as sex tourism. He admitted to traveling to Cambodia in 2004 and 2005 to knowingly engage in sexual acts with victims ranging between 8 to 17 years of age. Laws against sex tourism were strengthened following the passage of The Protect Act of 2003.

During the guilty plea and previous court proceedings it was disclosed that ICE began

investigating the case when Kaechele arrived at the Detroit Metropolitan Airport from Manila April 2005. U.S. Customs and Border Protection (CBP) officers inquired about Kaechele's travel, that he had been out of the country for 90 days and had traveled to Thailand, Vietnam, Cambodia and the Philippines.

An examination of Kaechele's possessions by CBP officers and ICE special agents revealed nine packets of photographs, which included images of nude adult Asian females. Also discovered were three large notebook journals containing details of sexual encounters with females, many under the age of 18 and sexual performance enhancing drugs.

ICE Tampa special agents also executed a federal search warrant in May 2005 at Kaechele's residence in St. Petersburg, Fla., for evidence of child pornography and foreign sex-related travel. Seized items included a computer, peripheral equipment, related media, photos and videos.

"Every child should have the right to enjoy their childhood without being exploited due to greed or poverty in their country. Our laws have given us powerful tools to prosecute U.S. citizens who want to participate in this horrible abuse of young people. We will vigilantly pursue anyone who travels in foreign country to patronize the child sex-tourism industry.", stated U.S. Attorney Murphy.

"As this plea illustrates, Americans who travel abroad to prey on the children of other countries should clearly understand that their actions are not beyond the reach of U.S. law," said Brian M. Moskowitz, special agent in charge of the ICE Office of Investigation in Detroit. "ICE is committed to protecting those who cannot protect themselves. The victims of child sexual predators are at the top of that list." Moskowitz heads the ICE Office of Investigations for the states of Michigan and Ohio.

This prosecution was facilitated through Project Safe Childhood. In February 2006, Attorney General Alberto R. Gonzales created Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. Led by the United States Attorneys Offices, Project Safe Childhood marshals federal, state and local resources to better locate, apprehend, and prosecute individuals who exploit children via the Internet, as well as

identify and rescue victims. For more information about Project Safe Childhood, please visit www.projectsafechildhood.gov/."

Suspected child sexual exploitation or missing children may be reported to the National Center for Missing & Exploited Children, an Operation Predator partner, at 1-800-843-5678 or <http://www.cybertipline.com>.



U.S. Department of Justice

Stephen J. Murphy
United States Attorney
Eastern District of Michigan

Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 14, 2007

EVENT: Sentencing

Defendant: Raymond M. Snarski

**MAN WHO KITED CHECKS TO KEEP EAST-SIDE
BAR OPEN SENTENCED TO PRISON**

A resident of Kimball Township, Michigan, was sentenced today to 15 months' imprisonment on a conviction for bank fraud based on a 4½-month checkkiting scheme that produced \$180,000 in fraud proceeds for the defendant, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

Receiving the sentence from U.S. District Judge Lawrence P. Zatkoff was Raymond M. Snarski, 62, who pleaded guilty to the bank fraud charge in April 2007. The investigation established that Snarski distributed \$24,500 that he obtained through his checkkiting scheme to a company that operates a bar on the east side of Detroit called "Cover Girls," and \$65,000 to a liquor store in Roseville for liquor that was sold at Cover Girls.

Judge Zatkoff also ordered Snarski to serve a four-year term of supervised release following his release from prison and pay \$180,000 in restitution to Citizens First Savings Bank.

The investigation of this case was conducted by the FBI and prosecuted by Assistant U.S. Attorney Stephen Hiyama.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 16, 2007

EVENT: Sentencing

Defendant: Michail Aronov

Livonia Man Sentenced to 90 months in Prison and over \$1 Million in Restitution for Forcing Eastern European Women to Work at Detroit Area Strip Clubs

Michail Aronov, age 34, was sentenced today to 90 months (7 ½ years) in prison and over \$1 million in restitution for his role as one of the ring-leaders in a conspiracy to force Eastern European women to work as exotic dancers in Detroit area strip clubs, Stephen J. Murphy, United States Attorney, Eastern District of Michigan, and Wan J. Kim, Assistant Attorney General, Civil Rights Division, announced. United States District Judge Victoria A. Roberts sentenced Aronov following his conviction for conspiring to violate the civil rights of the dancers through involuntary servitude, as well as immigration, and money laundering conspiracies. Aronov is a Lithuanian national who resided in Livonia, Michigan, and the Chicago area at the time of his arrest in mid-February 2005.

"The defendants in this case took advantage of innocent women from Eastern Europe by enticing them to come the United States and then holding them in bondage for commercial and sexual exploitation," said U.S. Attorney Stephen J. Murphy. "In sentencing Mr. Aronov to 90 months in prison, the Court underscored the gravity of this type of crime. Criminal

operations involving human trafficking, such as this one, will be pursued with the greatest vigor by my office."

"This case is a textbook example of the new paradigm of a multi-agency investigation and close collaboration with non-governmental agencies to bring perpetrators to justice and rehabilitate newly-escaped victims," said Assistant Attorney General Wan J. Kim of the Civil Rights Division. "The Constitution's prohibition of slavery and involuntary servitude is the most basic of civil rights, and it is only by working together that we can make that guarantee a reality."

According to court papers, Aronov and his business partners operated a human trafficking ring which exploited Eastern European women and used the guise of a legitimate business – Beauty Search, Inc. – to cover their criminal conduct. Aronov and his partners smuggled women into the United States and compelled them through threats and coercion to work as dancers in strip clubs, holding them in a condition of involuntary servitude.

To maintain compliance, Aronov and his partners used a well-thought out scheme of intimidation and violence – termed "The System" – which included confiscating the dancers' passports; imposing large debts; enforcing rules designed to isolate the dancers through interrogations, monetary penalties, physical violence and threats; searching the dancers' apartments; and threatening to turn the dancers into authorities because of their illegal immigrant status. On one occasion, they firebombed the car of a dancer who had escaped their clutches, to send a signal to her and others not to disobey their orders.

"These criminals preyed upon the hopes and dreams of women who came to the U.S. for a better life, but found only enslavement, exploitation, violence and isolation," said Brian M. Moskowitz, special agent-in-charge of the ICE Office of Investigations in Detroit. "ICE will continue to vigorously pursue criminal organizations that disregard the health and dignity of women while reaping illegal profits from their suffering."

"The FBI is committed to working with its law enforcement partners to investigate aggressively allegations of human trafficking," said FBI Special Agent in Charge Andrew Arena. "The fight against modern-day slavery is a critical aspect of our criminal civil rights program."

“With promises of good money, his only intent was to make lots of bad money,” said IRS Special Agent in Charge Maurice Aouate. “IRS continues to work with the law enforcement community to financially disrupt any criminal organization and attack the fuel of their criminal conduct.”

The Court decreased Aronov’s sentence because of extensive cooperation with investigators dismantling the Beauty Search operation. The Court had previously ordered Aronov’s henchmen Aleksandr Maksimenko to reimburse the dancers a total of \$1,570,450; the Court further ordered that \$537,043.84 in cash seized by government agents from Maksimenko’s home and safety deposit boxes, as well as about \$30,000 worth of jewelry, be used to satisfy a portion of the Court’s restitution award. The Court held Aronov jointly and severally responsible for \$1, 018, 450 restitution, as well as the forfeited cash proceeds.

Aronov is the last of nine convicted defendants to be sentenced for crimes associated with this slavery and trafficking conspiracy. Aronov’s co-defendant Maksimenko received a sentence of 14 years incarceration earlier this summer. Maksimenko’s father, Venyamin Gonikman, remains a fugitive, and the investigative team continues to work with Ukrainian and European law enforcement authorities to investigate the full scope of the conspiracy.

The case is being investigated by the U.S. Immigration and Customs Enforcement, the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation, and the State Department Diplomatic Security Service. Assistant United States Attorney Mark Chutkow and Luis C.de Baca, Senior Litigation Counsel at the Department of Justice, Civil Rights Division, Criminal Section, are prosecuting the case. Peter Ziedas, Assistant United States Attorney is handling the asset forfeiture part of the case.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Tim Counts - ICE (952)853-2602

Aug 16, 2007

EVENT: Indictment

Defendant: Mohamad Mustapha Harajly

DEARBORN MAN INDICTED FOR NATURALIZATION FRAUD

United States Attorney Stephen J. Murphy announced today that Mohamad Mustapha Harajly, 39, formerly of Dearborn, Michigan was charged in an Indictment with Naturalization Fraud, that is, unlawfully procuring his United States citizenship through fraud and false statements. Mr. Murphy was joined in the announcement by Special Agent in Charge Brian Moskowitz of Immigration and Customs Enforcement and Special Agent in Charge Andrew Arena of the Federal Bureau of Investigation.

The Indictment alleges that Harajly, a Lebanese national, unlawfully and fraudulently procured his United States citizenship by failing to disclose and falsely denying his affiliation with the designated foreign terrorist organization, Hizballah, on immigration documents.

United States Attorney Murphy said, "Our Office continues to vigorously and systematically pursue those who have obtained their U.S. citizenship, green cards or other immigration benefits unlawfully. The notion that an immigrant with a criminal history in another

country can rest easy once he gets his citizenship papers or green card in America is a false assumption indeed." Mr. Murphy emphasized, "The Department of Justice and ICE will utilize every criminal, civil, and administrative remedy at our disposal to deprive those guilty of criminal citizenship fraud of their ability to reside in the United States."

Becoming a citizen of this great country is a privilege, and ICE will not tolerate those who obtain that benefit through lies, fraud, or deceit" said Brian M. Moskowitz, special agent-in-charge of the ICE Office of Investigations in Detroit. "This indictment should send a clear message to others out there who have obtained their citizenship unlawfully that ICE and its partners will work vigorously to ensure that only those who play by the rules have this honor bestowed upon them."

Mohamad Harajly faces a maximum penalty of 10 years' imprisonment and a \$250,000 fine on the Indictment, in addition to automatic denaturalization upon conviction. Harajly is currently wanted on the charges and believed to be in Lebanon.

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 Immigration and Customs Enforcement and the Federal Bureau of Investigation, who conducted the investigation. The prosecution of Mohamad Harajly is being handled by Assistant United States Attorney Ronald W. Waterstreet.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 16, 2007

EVENT: Guilt Plea

Defendant: Ronald Joshua Youngblood

**MAN PLEADS GUILTY TO VIOLATING THE CIVIL RIGHTS
OF AN AFRICAN-AMERICAN FAMILY**

DETROIT – United States Attorney Stephen J. Murphy and Assistant Attorney General Wan Kim, of the Civil Rights Division, announced today that Defendant Ronald Joshua Youngblood, 25, pled guilty in federal court to violating the civil rights of an African-American family by burning a cross at the family's home.

Defendant Youngblood admitted in court today that he conspired with several friends to interfere with the housing rights of an African-American family, and that on June 20, 2006, he and several friends carried out their agreement by burning a five-foot-tall cross in front of the victims' home. The defendant also admitted that he set off an explosive device in order to awaken the family members so that they would run outside and see the cross.

Defendant Youngblood pled guilty to a civil rights conspiracy charge, to one count of interfering with the victims' housing rights and to one count of possessing an unregistered firearm.

Defendant Youngblood, faces a maximum term of 30 years imprisonment.

Civil Rights Division Assistant Attorney General Wan J. Kim said today that, “the right to fair housing, without fear of intimidation, is an essential right in the United States. The federal government will continue vigorously to prosecute individuals for racially motivated violations of housing rights. In our country, all Americans are treated equally under the law, and are entitled to the full protection of our civil rights laws.”

United States Attorney Stephen Murphy said, “As I have said before, the prosecution of cases involving the violation of civil rights laws is among the highest priorities of my office. Those who would violate the housing rights of others on the basis of race should be forewarned that their conduct will be met with criminal prosecution and the full force of federal law. Cross burnings are especially egregious acts of domestic terror toward others, designed to intimidate people in their homes. These and similar deplorable acts that violate applicable federal laws will not be tolerated.”

This case was investigated by the Sumpter Township Police Department and the Detroit Division of the Federal Bureau of Investigation, and was prosecuted by Assistant United States Attorney Pamela Thompson and Trial Attorney Barbara Bosserman from the Civil Rights Division of the United States Department of Justice.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 20, 2007

EVENT: Settlement

Defendant: Ciena Healthcare Management, Inc. et al

NURSING HOME CHAIN PAYS \$1.25 MILLION TO SETTLE FRAUD ALLEGATIONS

United States Attorney Stephen J. Murphy announced today that Ciena Healthcare Management, Inc., a Southfield corporation that manages 30 long-term care/skilled nursing facilities; Ciena's owner Mohammad Qazi; its Chief Financial Officer, Anis Khan; and Denise Mahnke-Pugh, Ciena's Chief Operating Officer, have paid \$1,250,000.00 to settle allegations that they improperly billed Medicaid and Medicare for inadequate care of and services to residents at four metro Detroit nursing homes. Of the settlement amount, the United States will be paid \$707,888.34, and the State of Michigan will receive \$542,111.61. The settlement amounts cover losses incurred, respectively, by the Federal Medicaid and Medicare Programs and the Michigan Medical Assistance Program due to the improper billings rendered by Ciena.

In addition, the defendants have collectively entered into a five-year corporate integrity agreement with the Department of Health and Human Services' Office of the Inspector General that requires the company to undertake certain measures to promote compliance with the requirements of Medicare, Medicaid, and all other Federal health care programs in each of the 30 Ciena managed facilities.

Joining in the announcement with United States Attorney Murphy were Michigan Attorney General Mike Cox; United States Department of Health and Human Services Inspector Dan Levinson; and Thomas Spokaeski, Assistant Special Agent in Charge, of the HHS Office of Inspector General in Detroit.

The 20 page settlement agreement covers the submission of claims to the Medicaid and Medicare programs for nursing and other health care services and treatment provided at the St. James Nursing Center, the Americare Convalescent Center and the Qualicare Nursing Home, all located in Detroit, and at Whitmore Lake's Northfield Place Nursing Home between January 2000 and December 2006. Those facilities allegedly failed to meet the needs of residents in the following areas:

1. resident nutrition and hydration;
2. assessments and evaluations of residents' needs;
3. care planning and nursing interventions;
4. medication management;
5. fall prevention and management; and
6. pressure ulcer care, including the prevention and treatment of wounds.

According to the settlement agreement, Ciena, Qazi, Khan and Mahnke-Pugh, while denying the allegations, agreed to the settlement "to avoid the delay, uncertainty, inconvenience and expense of protracted litigation." Ciena, Qazi, Kahn and Mahnke-Pugh fully cooperated with the government's investigation.

U.S. Attorney Murphy stated "We cannot tolerate the failure of nursing homes to provide

adequate care to the elderly and infirm, some of our area's most vulnerable citizens. Our office will continue to ensure that public funds expended on behalf of nursing home residents are used appropriately to provide adequate care and services. While we always expect to recover public funds that are improperly expended, in the case of nursing homes engaging in suspect practices, our primary goal is to ensure good patient care. Ciena's agreement and cooperation with the HHS-OIG to improve Ciena's policies and procedures at the 30 homes it manages will assist in our efforts to further this goal."

"Moreover, I appreciate the support and cooperation provided by Michigan Attorney General Cox and his office. In a day and age when joint federal/state investigations are often the best tools for rooting out suspect billing practices, this case serves as a fine example of the results that cooperation will produce."

Dan Levinson, HHS Inspector General stated, "This case also demonstrates OIG's commitment to holding corporations responsible if they provide substandard care to our nation's seniors. OIG takes seriously its oversight role to ensure that providers do not abdicate their responsibility to ensure high quality care for program beneficiaries."

The civil settlement resolves allegations arising from a lawsuit filed under the *qui tam* or whistle blower provisions of the False Claims Act, a federal law that allows private individuals, known as relators, to sue on behalf of the government. Under the False Claims Act, the government may recover up to three times the amount of the fraud loss.

The False Claims Act mandates that whistle blower lawsuits are filed under seal to allow the government an opportunity to investigate the allegations and decide whether to take an active role in the litigation. The False Claims Act allows that a whistle blower can receive between 15 and 25 percent of the government's recovery in a case that the government intervenes. Relators also are entitled to recovery any attorney fees incurred.

United States Attorney Murphy specifically thanked the Department of Human Services, Office of Inspector General and the Michigan Attorney General's Office for their investigation and cooperation in the case.

The United States was represented by Assistant United States Attorney Michael J. Riordan, whom United States Attorney Murphy likewise thanked for his hard and capable work.

The lawsuit is filed as U.S. *ex rel.* Denise Hubbard v. Ciena Healthcare Management, et al., CV-03-60175 (E.D. Mich.).

Copies of the settlement agreement may be obtained from the U.S. Attorney's Office.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 23, 2007

EVENT: Guilty Plea

Defendant: Lionel Hicks

**WARREN RESIDENT PLEADS GUILTY TO OPERATING
SOPHISTICATED MARIJUANA GROWING OPERATION**

A 37-year-old Warren resident pleaded guilty today to operating a large-scale marijuana growing operation involving over 1,000 marijuana plants at a warehouse in southwest Detroit, Michigan, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Robert Corso, Special Agent in Charge of the Drug Enforcement Agency (DEA).

Pleading guilty before U.S. District Judge Lawrence P. Zatkoff was Lionel Hicks.

The information presented to the court at the time of the plea showed that Lionel Hicks participated in the installation and operation of a marijuana growing operation at a warehouse located at 3270 Goldner Street, Detroit, Michigan. The warehouse contained a hydroponic marijuana growing operation consisting of over 1000 marijuana plants, over 100 metal halide lights, pumps and professionally installed plumbing.

Under the terms of his plea agreement, Hicks faces sentencing guidelines of 37 to 46 months in prison. The date for sentencing will be set by the Court.

United States Attorney Stephen J. Murphy said, “While many of our efforts focus on drug interdiction, this prosecution addresses the problem of drugs manufactured in our own back yard. Large-scale marijuana growing operations yield large quantities of high-potency marijuana that have a devastating impact on our communities. DEA, the Oakland County Sheriff’s Department, and the Detroit Police Department deserve a lot of credit for making this case.”

The investigation of this case was conducted by agents of the Drug Enforcement Agency, the Oakland County Sheriff’s Department and the Detroit Police Department.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Steve Moore -IRS CI (313) 234-2410

Aug 23, 2007

EVENT: Sentencing

Defendant: Krya Collins

Local Woman Who Conspired to Defraud IRS Sentenced

Krya Collins, 35, of Detroit, Michigan, was sentenced to 5 years probation, and \$176,000 in restitution after pleading guilty in 2006 to conspiracy to defraud the Internal Revenue Service, United States Attorney Stephen J. Murphy announced today.

Collins was sentenced in United States District Court before Judge Robert H. Cleland.

United States Attorney 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.

In 1999, while living in a homeless shelter, Collins was approached by an accountant who offered her a scheme where she could make some money. With his help, Collins created a false business, Matrix Industrial. She registered the business with IRS and listed an individual's name, without their knowledge or permission, as owner of the business. From 2000 through 2002, Collins was involved in generating fictitious Form W-2's for numerous

taxpayers, whom she recruited. These taxpayers went to designated accounting firms for the purpose of preparing and electronic filing of the false tax returns. In one part of the scheme, Collins approached several taxpayers who were residing at the Coalition for Temporary Shelter (COTS), of Detroit, soliciting them to have false returns filed in their name with the IRS.

After filing multiple false claims from 2000 to 2002, which totaled over \$508,000, Collins directed the delivery of Refund Anticipation Loans (RAL) checks to the taxpayers and received her cut of the proceeds once the checks were cashed. IRS paid out almost \$177,000 before discovering the fraud. The accountant, with whom she conspired, is deceased.

United States Attorney Murphy said, "Our system of government is based on the honesty of its citizens in filing truthful tax returns. A scheme like Collins', designed to defraud the government and enrich the perpetrator of a fraud, undermines this voluntary system and cheats every honest taxpayer."

"No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them," said Aouate. "Willfully filing a false tax return is the same as stealing."

United States Attorney Murphy thanked the Internal Revenue Service Criminal Investigation for their investigation of the case. The United States was well represented by Assistant United States Attorney Stephanie Dawkins Davis.



Department of Justice

FOR IMMEDIATE RELEASE

WEDNESDAY, AUGUST 29, 2007

WWW.USDOJ.GOV

CRT

(202) 514-2007

TDD (202) 514-1888

JUSTICE DEPARTMENT RESOLVES LAWSUIT ALLEGING RACE DISCRIMINATION AT LIVONIA, MICHIGAN APARTMENT COMPLEX

WASHINGTON - The Department of Justice has reached a \$725,000 settlement, resolving allegations that the owners and operators of Apple Ridge Apartments (formerly known as Whispering Woods) in Livonia, Mich. have discriminated against African Americans seeking to rent apartments at the complex.

“Fair and equal access to housing is a basic right—one that should not be denied to any American because of their race,” said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. “The Civil Rights Division is committed to continuing its vigorous enforcement of all the fair housing laws.”

“Discrimination against those seeking access to fair housing on the basis of race is not only against the law, it is contrary to the societal norms that exist in 21st century America,” said Stephen J. Murphy, U.S. Attorney for the Eastern District of Michigan. “The time should be long past that racial discrimination determined the availability of apartments and housing in our country. Should we uncover future evidence of such conduct in my district, this Office will investigate, litigate where necessary and take action to stop it.”

The Department of Justice’s lawsuit, which was handled jointly by attorneys from the Civil Rights Division and the U.S. Attorney’s Office, was filed in April 2006 and was consolidated with a suit filed by the Fair Housing Center of Metropolitan Detroit one year earlier. The complaint alleged that General Properties Company, d/b/a/ Whispering Woods and now Appleridge Apartments, and one of its owners, Elliott C. Schubiner, engaged in a pattern or practice of discrimination against African-American applicants for tenancy.

Under the settlement, which must still be approved by the court, the defendants will:

- Pay \$350,000 in damages and attorney’s fees to the Fair Housing Center;
- Pay \$330,000 in damages to twenty-one persons who were discriminated against because of their race at Whispering Woods/Appleridge Apartments;
- Pay \$45,000 in a civil penalty to the United States; and
- Use an independent property management company to handle the rental and application process.

The settlement will be court enforceable for at least five years.

Fighting illegal housing discrimination is a top priority of the Justice Department. In February 2006, Attorney General Alberto R. Gonzales announced Operation Home Sweet Home, a concentrated initiative to expose and eliminate housing discrimination in America. This initiative was inspired by the plight of displaced victims of Hurricane Katrina who were suddenly forced to find new places to live. Operation Home Sweet

Home, however, is not limited to the areas hit by Hurricane Katrina, but targets housing discrimination all over the country. More information about Operation Home Sweet Home is available at the Justice Department Web site at

<http://www.usdoj.gov/fairhousing>.

The federal Fair Housing Act prohibits discrimination in housing based on race, color, religion, national origin, sex, disability and familial status. Since Jan. 1, 2001, the Justice Department's Civil Rights Division has filed 230 cases to enforce the Fair Housing Act, 62 of which have alleged discrimination based on race. More information about the Civil Rights Division and the laws it enforces is available at

<http://www.usdoj.gov/crt>. Individuals who believe that they may have been victims of housing discrimination can call the Housing Discrimination Tip Line (1-800-896-7743), email the Justice Department at fairhousing@usdoj.gov, or contact the U.S. Department of Housing and Urban Development at 1-800-669-9777.

###

07-671



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Richard Isaacson - DEA (313) 234-4000
Dawn Clenney - FBI (313) 237-4206

Aug 29, 2007

EVENT: Indictment

Defendant: Paul Emerson et al

**TAYLOR DOCTOR, FLAT ROCK POLICE OFFICER CHARGED
WITH ILLEGALLY DISTRIBUTING PRESCRIPTION DRUGS;
DISTRIBUTIONS ALLEGEDLY CAUSE DEATHS OF TWO PATIENTS**

United States Attorney Stephen J. Murphy announced today that an indictment was unsealed charging a Taylor doctor, a Flat Rock police officer, and four other Metro Detroit men with illegal distribution of highly addictive prescriptions drugs. Some of these illegal distributions caused the deaths of two of the doctor's patients.

Mr. Murphy was joined in the announcement by Robert Corso, Special Agent in Charge, Drug Enforcement Administration, Andrew Arena, Special Agent in Charge, Federal Bureau of Investigation and Lamont Pugh, Special Agent in Charge, Health and Human Services, Criminal Investigation.

The unsealed indictment charges PAUL EMERSON, age 49, the owner and operator of

“Emerson Medical Clinic - Board Certified, Family Practice” located in Taylor, Michigan, KENNETH McALLISTER, age 38, former resident of Taylor, Michigan, RICHARD TESTAI age 59, resident of Rochester, Michigan, DAVID DEWITT, age 37, a Flat Rock, Michigan Police Officer, BRIAN BALLINGER , age 31, resident of Wyandotte, Michigan, and JEREMY SZYMECKO, age 30, resident of Southgate, Michigan.

According to the indictment, defendant Paul Emerson prescribed and distributed controlled substances in such a manner that it resulted in the death of two of his patients and the serious bodily injury of another. For privacy reasons the indictment only listed the victims by initials rather than their full name. In addition to being charged with the patients’ deaths, the indictment charges Emerson prescribed and distributed controlled substances in exchange for cash, trade and for other consideration, and for no legitimate medical purpose, and he allowed unsupervised non-medical personnel to write prescriptions for controlled substances, and otherwise engaged in an illegal practice. Emerson was also charged with agreeing with Kenneth McAllister, Richard Testai, Brian Ballinger, Jeremy Szymecko and David Dewitt to unlawfully distribute and unlawfully possess with the intent to distribute prescription controlled substances such as Oxycodone (commonly known by trade name - OxyContin and Percocet), Methadone Hydrochloride (commonly known by trade name - Methadose), and Hydromorphone (commonly known by trade name - Dilaudid); Hydrocodone Bitartrate (commonly known by trade name - Vicodin ES, Lorcet and Lortab), Buprenorphine (commonly known as Suboxone); Alprazolam (commonly known by trade name - Xanax), Diazepam (commonly known by trade name - Valium) and Propoxyphene (commonly known by trade name - Darvocet) .

The Indictment further alleges that Kenneth McAllister, Richard Testai, and others would recruit and direct individuals posing as “patients” to Emerson’s Medical Clinic in order to obtain prescriptions for various controlled substances. The purported “patients” would in turn fill the prescriptions at various pharmacies and deliver the controlled substances to defendants Kenneth McAllister, and Richard Testai so that Kenneth McAllister, and Richard Testai could sell the drugs. Additionally the indictment charges that, David Dewitt, Brian Ballinger, and Jeremy Szymecko acted as “patients” who in addition to delivering illegally prescribed controlled substances to their recruiter, would deliver and distribute controlled substances to their associates.

Lastly, the indictment charges defendant David Dewitt, a police officer with the Flat Rock Police Department, with unlawful possession with the intent to distribute several different prescription controlled substances such as Oxycodone (commonly known by trade name - OxyContin, and Percocet), Hydrocodone Bitartrate (commonly known by trade name - Vicodin ES, Lorcet) and Alprazolam (commonly known by trade name - Xanax) and charges him with being an unlawful user of these drugs while possessing his department issued firearm.

United States Attorney Stephen J. Murphy said, "The illicit diversion of controlled substances from doctors and pharmacies around the United States has resulted in a dramatic increase in the abuse of -- and addiction to -- prescription drugs. According to the White House Office of National Drug Control Policy (ONDCP), 'Abuse of prescription drugs to get high has become increasingly prevalent among teens and young adults. Past year abuse of prescription pain killers now ranks second—only behind marijuana—as the Nation's most prevalent illegal drug problem.' Unfortunately, many of the users are under the mistaken belief that abusing prescription drugs are safer than abusing heroin, marijuana, and other 'street drugs.' The sad and untimely deaths of two of Paul Emerson's patients and the serious bodily injury of another, however, shows all too well that abusing prescription drugs are no safer than abusing other drugs."

Robert Corso, Special Agent in Charge for the Drug Enforcement Administration, stated that, "Paul Emerson's, medical degree and authority to prescribe and dispense controlled substances, does not allow him to deliberately dispense controlled substances whenever his whims direct him to. The mere fact that he wears a white coat and dispenses drugs from the comfort of his brightly lit office, makes him no different than a drug dealer who stands on a dark street corner peddling his poison."

Andrew Arena, Special Agent in Charge, Federal Bureau of Investigation, said, "Health care fraud as well as public corruption are both priorities of the FBI which we will continue to aggressively investigate. At this time, I would like to thank Chief Stephen Tallman of the Flat Rock Police Department for his professionalism, assistance, and cooperation throughout this investigation.

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.

United States Attorney Murphy commended the Drug Enforcement Administration, Federal Bureau of Investigation, Immigration and Customs Enforcement, The National Drug Intelligence Center, as well as the Department of Health and Human Services for their tireless investigation of this matter, and he noted that the case is being ably prosecuted by Assistant United States Attorney Ronald W. Waterstreet



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 28, 2007
WWW.USDOJ.GOV

CRT
(202) 514-2007
TDD (202) 514-1888

TAYLOR MAN SENTENCED FOR HATE CRIME

A Taylor, Mich. man was sentenced to 17 years and three months in prison today for violating the civil rights of an African-American family by attempting to burn down the family's house, the Justice Department announced today.

Wayland Mullins, age 38, was sentenced by U.S. District Judge George Caram Steeh in federal court in Detroit. Mullins was previously found guilty of conspiring to violate the family's housing rights, conspiring to obstruct a federal investigation, and using fire in the commission of a felony.

"These despicable acts were bred of ignorance and hate," said Wan J. Kim, Assistant Attorney General for the Civil Rights Division. "The federal government will continue vigorously to prosecute individuals who engaged in such bias-motivated violence."

"Every American enjoys the civil right to live in any community in our nation without the fear of being racially intimidated," said Stephen J. Murphy, U.S. Attorney for Eastern District of Michigan. "The significant sentence imposed in this case evidences that such hatred has no place in our society and my Office's continuing commitment to meet it with the full force of federal law enforcement power designed to stamp it out."

The evidence at trial established that on July 28, 2002, Mullins and several of his neighbors gathered together and discussed burning down the home of an African-American family that had recently moved into the neighborhood. Following this conversation, Mullins broke a window in the family's home, poured in a flammable substance, and lit the substance on fire while a co-conspirator, Michael Richardson, acted as a lookout. After the fire, Mullins and Richardson attempted to obstruct a federal investigation into the arson by lying to federal investigators about their knowledge of the crime. The jury found that Mullins' actions were racially-motivated.

Richardson, who pleaded guilty in federal court to civil rights and obstruction of justice violations in connection with this incident, testified against defendant Mullins at trial. A third defendant, Rick Cotton, also participated in the discussion before the fire and in the cover-up afterward, and was convicted by a jury for lying to federal investigators and a federal grand jury and for obstructing justice. Cotton also pleaded

guilty to conspiring with Mullins, Richardson and others to violate the family's housing rights.

Ricky Cotton was sentenced in April, 2007 to 78 months in prison and Michael Richardson is scheduled to be sentenced on September 6, 2007 at 2:00 PM.

###

07-669



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 31, 2007

EVENT: Sentencing

Defendant: Natalia Odish

NOVI WOMAN SENTENCED FOR HOAX THREAT

A Novi woman was fined \$2,000 today for making false statements to the FBI in connection with a hoax threat, United States Attorney Stephen J. Murphy announced today.

Natalia Odish, 33, was sentenced by Judge Victoria A. Roberts.

Odish was also placed on probation for one year and ordered to undergo anger management counseling, Murphy said.

Odish pleaded guilty in April to falsely denying to the FBI that she had left a recorded telephone message at a British Petroleum Oil Refinery in Oregon, Ohio, on March 8, 2005. During the plea hearing, Odish admitted that she had left the message, in which she falsely stated that two employees there were "plotting some very bad terrorist activities towards the refinery." Ms. Odish stated during the plea hearing that she had formerly dated one of the two employees named in the telephone message. Both of the employees are of Middle Eastern descent.

United States Attorney Murphy said, "Given the importance attached to citizen complaints and voluntary information regarding matters as serious as terrorism investigations, it is crucial that such tips are honest and accurate. As today's result shows, we consider any

false or fabricated reports in these areas to be grave matters and those responsible are subject to felony prosecution.”

The case was investigated by special agents of the FBI.



U.S. Department of Justice

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

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Aug 31, 2007

EVENT: Sentencing

Defendant: Patrick Kalahar

MERRILL, MICHIGAN MAN SENTENCED FOR FEDERAL BANK FRAUD

A 47-year-old Merrill, Michigan man was sentenced on August 30, 2007 to 18 months in federal prison following his conviction last April for bank fraud, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Supervisory Senior Resident Agent John Cecil of the Federal Bureau of Investigation.

Kalahar was sentenced in U.S. District Court by Judge Thomas L. Ludington. In addition to the prison sentence, Judge Ludington ordered Kalahar to pay restitution of \$63,860.72, to Credit Union Plus.

Kalahar had been found guilty of three counts of bank fraud and two counts of bankruptcy fraud at the conclusion of a four-day jury trial last April in Bay City. A month following the trial, Judge Ludington granted a defense motion to dismiss all but one bank fraud count.

"Fraudulent schemes that victimize financial institutions impact not only the institution, but other consumers and confidence in the banking system as well. My office will continue to vigorously pursue corrupt schemes such as the one that resulted in this conviction." United States Attorney Murphy said.

The evidence presented at trial showed that Kalahar, who had been the Chief Executive Officer of Credit Union Plus in Bay City for a number of years in the 1990s, left that position in 1999 to go into private business. He continued to maintain several personal accounts at the credit union, however, as well as several business accounts.

In 2004, Kalahar was the sole owner and manager of Kalahar Mobility, LLC, Bay City, which converted and outfitted motor vehicles for use by the disabled. In late July of 2004, Kalahar knowingly authorized the deposit of a \$63,860.72 check from his investment company on which there was a stop payment in place.

After serving his federal imprisonment term of 18 months, Kalahar will be on supervised release for an additional three years. Kalahar had been on bond until August 23, 2007, when his bond was revoked after several court-ordered drug tests revealed that he had been using cocaine while on bond. Judge Ludington also ordered Kalahar to file all required state and federal income tax returns for 2004 and 2005, and to pay any taxes due after his release from prison. Evidence presented during his sentencing disclosed that Kalahar had not filed any returns for those years.

Murphy commended the work of the agents of the Federal Bureau of Investigation in the investigation, and the office of the U.S. Bankruptcy Trustee.