



U.S. Department of Justice

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August 3, 2006

EVENT: Guilty Plea

Defendant: Amjad M. Khan

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

The former owner of one of Michigan's largest home health care companies pleaded guilty to felony health care fraud charges today, United States Attorney Stephen J. Murphy announced today.

Amjad M. Khan, 63, of Troy, entered the guilty plea in United States District Court before Judge Nancy Edmunds.

Khan, a certified public accountant and former chief executive officer of American Home Health Care Inc. ("AHHC"), of Warren, admitted submitting fraudulent claims for non-reimbursable expenses to Medicare on a cost report and supporting documents filed in 1997 and 1998.

Khan was indicted in September 2003 in a 20-count Indictment. The indictment alleges that the Khan and his co-defendant, who ran another home health care company, committed mail fraud, wire fraud and health care fraud when their companies bilked Medicare out of more than \$2 million in fraudulent reimbursements, for such things as the salaries of spouses who

did no work and for wages to marketers, whose actual positions were misrepresented on eight cost reports filed between 1995 and 1999. The two companies, which in their prime during the 1990s had more than 200 employees, ceased doing business shortly after a search warrant was executed in March 2000 by agents for the FBI, the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) and the Postal Inspection Service.

“Health care fraud is a silent tax forcing honest citizens and corporations to pay more for health insurance premiums and medical services than they should. It forces senior citizens to pay higher premiums and wastes dollars that could otherwise be spent taking care of the sick,” Murphy said. “My office is committed to bringing to justice anyone involved in ripping off Medicare and private health insurance companies and this investigation is an example of our efforts to stop these fraudulent practices.”

Joining Murphy in the announcement were Daniel Roberts, Special Agent in Charge, Federal Bureau of Investigation; Thomas Spokaeski, Assistant Special Agent in Charge, Health and Human Services, Office of Inspector General; Gregory Campbell, Inspector in Charge, U.S. Postal Inspection Service, and Gregory Anderson, Vice President, Corporate and Financial Investigations, Blue Cross Blue Shield of Michigan.

In his plea agreement, Amjad Khan did not admit the amount of fraud loss caused by his fraudulent billing. The government intends to argue that it is nearly \$1.5 million. A final ruling on that issue and the amount of restitution Amjad Khan owes Medicare and Blue Cross Blue Shield of Michigan will be left to Judge Edmunds to determine at a sentencing hearing scheduled for 9:30 a.m. October 27. Sentencing itself was scheduled for December 5, 2006.

The maximum punishment for health care fraud is 10 years in prison and a fine of \$250,000. Under the plea agreement, Khan can be sentenced to up to 41 months in prison.

In a separate civil suit, the United States seized more than \$650,000 worth of Khan's assets when he fled to Pakistan shortly after his Indictment. Those funds remain frozen and are subject to a False Claims Act lawsuit in which the United States is seeking treble damages of more than \$7 million. After his funds were attached in October 2003, Amjad Khan returned to the United States to face criminal charges. His home in Rochester Hills was recently sold

by Court order after he failed to make house payments on it as required under an agreement with the United States. He remains free on electronic tether but is not permitted to leave southeast Michigan.

The case is being prosecuted by Assistant United States Attorneys Paul Burakoff and James Mitzelfeld.



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Aug 11, 2006

EVENT: Sentencing

Defendant: Monasser Mosad Omian et al

**TWO DEARBORN RESIDENTS SENTENCED FOR SENDING MILLIONS
TO YEMEN AND SWITZERLAND THROUGH AN ILLEGAL "HAWALA"**

Two residents of Dearborn, both originally from Yemen, were sentenced today pursuant to their May 11, 2006 guilty pleas to operating a Detroit-area unlicensed money remitting business (a "hawala") from 1999 through 2005 that sent \$1.8 million to a Swiss bank account and over \$8 million to Yemen, United States Attorney Stephen J. Murphy announced.

Sentenced today before the Honorable Arthur J. Tarnow were:

- Monasser Mosad Omian, also known as Nagi Mohamad Sharian, age 56, to 30 months in custody, 2 years supervised release, a \$200 special assessment, and forfeiture of approximately \$200,000 in cash and \$9,693,669 in substitute assets;
- Jarallah Nasser Wasil, also known as Kaid Ahmed Almulaiki, age 29, to 57 months in custody, 3 years supervised release, a \$400 special assessment, and forfeiture of approximately \$200,000 in cash and \$9,693,669 in substitute assets. Because one of the charges Jarallah Wasil pled to was naturalization fraud, he continues to face the possibility of deportation following service of his sentence.

United States Attorney Stephen J. Murphy said, "We cannot permit nearly ten million dollars, much of it involved in criminal activity, to slip unseen out of the United States, bound for destinations such as Yemen or a Swiss bank account. These sentences should leave no one in doubt that operating this sort of unlicensed money remitting business can result in significant prison time."

Over the objections of the government, the defendants will remain on bond and permitted to report voluntarily to serve their sentences.

According to the information presented to the court at the time of the plea, the defendants collected over \$9,693,669.62 from mosques, businesses, and individuals across the United States (including California, Colorado, New York, Ohio, Pennsylvania, Delaware, Washington State and Michigan) and sent it to Switzerland and to Yemen. Some of the money was proceeds of criminal activity, or was used in furtherance of criminal activity. For example, the conspirators obtained Cathinone ("Khat"), a Schedule I controlled substance, imported from Kenya and elsewhere, which they re-packaged and sold routinely at the Gabasha Market, 8033 McGraw, Detroit. The conspirators also sold contraband cigarettes that had State of Ohio tax stamps or fraudulently altered tax stamps. The conspirators commingled the money from the sales of Khat and contraband cigarettes with money from the operation of the Hawala, and laundered it through the Hawala accounts.

The conspirators also used money from the Hawala accounts to finance other crimes, including visa and naturalization fraud, and to conceal their income so they could qualify for state and federal aid. They structured the cash transactions involving the Hawala in order to cause Comerica Bank and Charter One Bank to fail to file the cash transaction reports required by law and regulation for cash deposits and withdrawals over \$10,000.

Co-defendants Sadik Monasser Omian and Saleh Alli Nasser, also known as Ali Ghaleb Wasil, will be sentenced on September 12, 2006.

Mr. Murphy was joined in the announcement by Daniel D. Roberts, FBI Special Agent in Charge, and Brian Moskowitz, Special Agent in Charge, Immigration and Customs

Enforcement, Department of Homeland Security. The case is being prosecuted by Assistant United States Attorneys Cynthia Oberg and Julie A. Beck.



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Aug 16, 2006

EVENT: Criminal Complaint

Defendant: Louai Abdelhamied Othman et al

**THREE TEXAS MEN CHARGED WITH CONSPIRACY
TO TRAFFIC IN COUNTERFEIT GOODS AND
MONEY LAUNDERING**

Three Texas men were charged in federal court in Bay City, Michigan on August 16, 2006 with one count of Conspiracy to Traffic in Counterfeit Goods and one count of Money Laundering, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Special Agent in Charge Daniel D. Roberts, Federal Bureau of Investigation.

Named in the complaint were Louai Abdelhamied Othman, 23, Adham Abdelhamid Othman, 21 and Maruan Awad Muhareb, 18.

The supporting affidavit alleges that from an unknown date until approximately August 11, 2006, the defendants conspired to defraud customers and providers of telephone goods and services by trafficking in prepaid cellular telephones that were intended to be converted into counterfeit telephones as part of the conspiracy. In addition, the defendants are alleged to

have committed the offense of money laundering by purchasing cellular telephones using the proceeds of previous prepaid cellular telephone transactions.

The affidavit in support of the complaint further alleges that on August 11, 2006, the Caro Police Department was contacted by an employee at a Wal-Mart in Caro, who advised that three males had just purchased 30 to 40 cellular telephones and had a large quantity of additional cellular telephones in their vehicle. Shortly after receiving this telephone call, officers executed a traffic stop of the suspects' vehicle. The passengers identified themselves as Louai Abdelhamied Othman, Adham Abdelhamid Othman, and Maruan Awad Muhareb, all of Mesquite, Texas. In the vehicle, officers observed hundreds of cellular telephones. Officers subsequently determined that the vehicle contained approximately 999 telephones, \$1,800 in cash, a laptop computer, GPS tracking system, a digital camera, and a laser sight. Most of the cellular telephones had the batteries removed. Most of the cellular telephones were Nokia models 2126 and 1100. When questioned by FBI agents, the three men stated that a number of businesses and individuals in Dallas, Texas, purchase cellular telephones from hundreds of people like themselves. The men stated that they and others would buy telephones for approximately \$21 each and sell them to the purchasers for as much as \$38.50, depending on the model of telephone. The three men stated that they believed that the purchasers sold the telephones to middlemen in California, New York, or Miami, who then fraudulently reprogrammed the telephones and sold them overseas. According to the complaint, the scheme to defraud involved altering the programming so that they could be sold as more expensive standard Nokia phones, rather than as less expensive TracFones. TracFones has estimated that to date in excess of 800,000 of their telephones have been fraudulently converted.

All three defendants appeared in federal court this afternoon and were temporarily detained pending a detention hearing set for Friday, August 18, 2006 at 2:45 pm before Magistrate Binder in Bay City, Michigan.

A conviction for the money laundering offense carries a maximum penalty of 20 years in prison or a \$500,000 fine or both. A conviction on the conspiracy charges carries a maximum penalty of 5 years or \$250,000 fine or both. Any sentence will ultimately be imposed under the United States Sentence Guidelines according to the nature of the offense and the criminal

background, if any, of the defendant

A complaint is only a charge and is not evidence of guilt. Trial cannot be held on felony charges in a complaint. When the investigation is completed a determination will be made whether to seek a felony indictment.

This case is being investigated by the Federal Bureau of Investigation.



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Stephen Moore - IRS (313) 234-2410

Aug 17, 2006

EVENT: Guilty Pleas

Defendant: Sadek Berro et al

SEVENTEEN PLEAD GUILTY IN FRAUD SCHEME

The last of seventeen defendants indicted in a large-scale scheme to defraud numerous credit card companies, banks, mortgage lenders and the bankruptcy court pled guilty today in federal court, United States Attorney Stephen J. Murphy announced today.

U.S. Attorney Murphy was joined in the announcement by Special Agent in Charge Daniel D. Roberts, Federal Bureau of Investigation, Detroit Division and Special Agent in Charge Maurice Aouate of the Internal Revenue Service.

Mr. Murphy said: "From credit card 'bust-outs,' to mortgage fraud and bankruptcy fraud, the kinds of corrupt dealings engaged in by these defendants will not be tolerated. This conviction puts an end to a wide-ranging, robust and multifaceted fraud ring. It is a tribute to the tireless efforts of the FBI and the IRS that we have been able to successfully investigate and obtain convictions of all of the defendants involved in such a complex and varied scheme."

Between July 25, 2006 and today, the following individuals, all but the last two of

Dearborn, MI, have entered pleas of guilty before U.S. District Judge John Corbett O'Meara:

- Ali Abdul Karim Farhat, 42, Abdulmir Berro, 38, and Sadek Berro (also known as Sam Berro), 51, pled guilty to conspiracy to violate the Racketeer Influenced and Corrupt Organization Act (RICO) and under their plea agreements face up to 97 months imprisonment and a fine of up to \$250,000.
- Abdul Halim Berro, 41, Nassib Saadallah Berro, 61, and Bilal El-Sablani, 33, each pled guilty to conspiracy to commit bank and mail fraud and under their plea agreements face up to 41 months imprisonment and a fine of up to \$250,000.
- Sami Ahmad Berro, 53, pled guilty to conspiracy to commit bank and mail fraud and under his plea agreement faces up to 33 months imprisonment and a \$250,000 fine.
- Zeinab Berro, 43, pled guilty to conspiracy to commit bank and mail fraud and under her plea agreement faces up to 30 months imprisonment and a \$250,000 fine.
- Noura Berro, 49, also pled guilty to conspiracy to commit bank and mail fraud and under her plea agreement faces up to 14 months imprisonment and a \$250,000 fine.
- Salwa Nassib Berro, 41, pled guilty to conspiracy to commit bank and mail fraud and under her plea agreement faces up to 12 months imprisonment and a \$250,000 fine.
- Amira Farhat, 42, pled guilty to bank fraud and under her plea agreement faces up to 24 months imprisonment and a one million dollar fine.
- Houda Mohamad Berro, 28, pled guilty to bank fraud and under her plea agreement faces up to 18 months imprisonment and a one million dollar fine.
- Abdul Karim Akram Berro, 24, and Lina Reda (née Berro), 26, each pled guilty to false statements and under their plea agreements face up to 14 months imprisonment and a \$250,000 fine.

- Almire Ali-Sadek Berro, 26, pled guilty to bank fraud and under his plea agreement faces up to 16 months imprisonment and a one million dollar fine.
- Akram Berro, 49, and Jamal Berro, 51, both of Taylor, MI, entered guilty pleas on July 25, 2006 to the charges in the Indictment, with no plea agreement. Six of the nine counts to which Akram Berro and Jamal Berro pleaded guilty carry a maximum sentence of 30 years imprisonment and a one million dollar fine. They also pleaded guilty to conspiracy to launder money, which carries a maximum sentence of 20 years and a \$500,000 fine. The remaining counts of the indictment to which they pled guilty charge them with bankruptcy fraud and conspiracy to commit bank and mail fraud and carry a maximum sentence of 5 years imprisonment and a \$250,000 fine. The court is also required to impose an order of restitution.

All of the defendants may also be required to make full restitution to victims.

According to documents filed in the case, from March 1999 through April 2004, the defendants defrauded numerous creditors and the bankruptcy court through a large-scale credit card “bust out” scheme. As part of the scheme, Ali Farhat and Abdulmir Berro, aided by Sadek Berro, used their companies to process over one million dollars in credit card transactions for other defendants in exchange for cash and discounted merchandise, knowing that payment would not be made for the charges. The credit card companies and banks transferred funds to Ali Farhat and Abdulmir Berro in the amount of the charges to the credit cards but ultimately never received payment from the defendant-credit card holders. The defendants maximized the value they could obtain from the credit cards by making charges on the cards, submitting non-sufficient funds checks to free up the available credit on the card, and then making additional charges on the cards before the card issuers became aware that the checks were worthless. The defendants then took steps to evade collection efforts by creditors by declaring bankruptcy so creditors could not attach assets or otherwise collect on amounts owed. Through their bankruptcy proceedings, the defendants sought to avoid payment of nearly three million dollars in debt. Defendants also concealed assets from the bankruptcy court; many of the defendants “sold” their homes to their wives or adult children, who made fraudulent statements to qualify for mortgage loans. Some of the defendants also engaged in financial transactions designed to conceal assets and funds from bankruptcy court

and creditors.

The defendants' sentencings are scheduled in late November and December 2006.

The investigation of this case has been conducted by the Federal Bureau of Investigation and the Internal Revenue Service. The case has been prosecuted by Assistant U.S. Attorneys Cathleen M. Corken and Barbara L. McQuade.



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Aug 17, 2006

EVENT: Sentencing

Defendant: William Hatchett

**PONTIAC ATTORNEY SENTENCED TO 15 MONTHS IN PRISON
ON TAX EVASION CHARGES**

William Hatchett, an attorney with the law firm of Hatchett, DeWalt & Hatchett in Pontiac, Michigan, was sentenced today to 15 months in prison after pleading guilty earlier this year to attempting to evade and defeat the payment of his taxes, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Acting Special Agent in Charge Sandi Carter, Internal Revenue Service Criminal Investigation.

“The willful evasion of significant tax liabilities can clearly lead to conviction and prison. When the defendant is an attorney, as in this case, the government will pay heightened attention to this conduct – it is a glaring violation of the position of

responsibility and trust," United States Attorney Murphy said.

Hatchett entered the guilty plea in United States District Court before Judge Patrick J. Duggan as the result of a December 15, 2005 information. According to court records, from 1989 through 1996, Hatchett admitted that he had an outstanding federal tax liability, but never made payment on approximately \$382,000 in federal income and self-employment taxes due and owing. He willfully tried to evade these payments by using cash and cashier's checks to impede the ability of the IRS to collect on his federal tax liabilities. Hatchett also used another person's American Express Cards for his personal expenses and had no bank accounts in his name. Hatchett used the Hatchett, DeWalt & Hatchett firm checking account to finance his personal expenses, which including tuition payments for his children's education.

Carter said, "The law requires that each of us is responsible for filing a tax return when required, and for determining and paying the correct amount of tax. The efforts of Internal Revenue Service Criminal Investigation Division are directed at taxpayers who willfully and intentionally violate this known legal duty."

The case was investigated by special agents of the IRS Criminal Investigation Division. The case is being prosecuted by Assistant United States Attorney Karl Overman.



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Aug 21, 2006

EVENT: Civil Settlement

Defendant: Mark Miller

**CFO PAYS \$1,000,000 TO SETTLE
FALSE CLAIMS SUIT ALLEGING HEALTH CARE FRAUD**

A Fenton accountant has paid \$1,000,000 to settle allegations that he participated in double billing Medicare for costs associated with the delivery of physical, occupational and speech therapy services during his tenure as a financial officer of Rehabilitation Specialists of Livingston County, United States Attorney Stephen J. Murphy announced today.

The former Chief Financial Officer, Mark Miller, 44, settled a civil lawsuit filed under the False Claims Act, which allows the government to recover three times the amount of fraud. The U.S. Attorney was joined in the announcement by John Heneberg, Assistant Attorney General, Civil Division, Department of Justice, FBI Special Agent in Charge Daniel D. Roberts and Thomas Spokaeski, Assistant Special Agent in Charge, HHS-OIG.

U.S. Attorney Murphy said: "This settlement demonstrates my office's determination to recover funds fraudulently billed to Medicare. With the rising cost of health care and the related pressure on the Medicare Trust Fund, the last thing our nation can afford is individuals who are profiteering at the expense of elderly patients."

The civil settlement resolves allegations against Miller 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. The suit was filed under seal on October 3, 2000 by Robert Baker, a former employee of the outpatient rehabilitation clinic.

Under the False Claims Act, 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. After a thorough investigation of the allegations, the United States intervened in the civil case on February 15, 2006 and filed its amended complaint on July 13, 2006, against a number of defendants, including Michigan Allied Health Professionals (MAHP), Rehabilitation Specialists of Livingston County, Rehabilitation Specialists of Macomb County, Bradley Putvin, and Vickey DeYoung. This matter is currently pending before Judge O'Meara in federal court.

Under the False Claims Act, a whistle blower can receive between 15 and 25 percent of the government's recovery in a case that the government joins. Baker will be awarded a share of the settlement.

The civil settlement covers conduct that the government contends resulted from the defendants receiving Medicare payments that they were not entitled to receive, including:

- For the year 1997, billing Medicare for services provided by MAHP employees at Autumn Woods Nursing Home when such services were already paid for by Autumn Woods and the Medicare Program.
- For the year 1997, billing Medicare for services provided by In Home Therapies, Inc. assigned employees when such services were already paid for by other providers and the Medicare Program.
- Manipulation of information included on Rehabilitation Specialists' 1997 Medicare Cost Report fraudulently misstating patient charges which resulted in Medicare paying a

higher percentage of Rehabilitation Specialist's costs than they were entitled.

There are a number of additional allegations in the remaining suit against the other defendants.

Murphy thanked the FBI and the Department of Human Services, Office of Inspector General for their investigation of the case. The United States was represented in the civil case by Assistant United States Attorney Leslie Matuja Wizner whom Murphy also thanked for her hard work on the case.

The lawsuit is filed as U.S. ex rel. Robert Baker v. Michigan Allied Health Professionals, Inc., Rehabilitation Specialists of Livingston County, Inc., et. al., CV-00-74410 (E.D. Mich.).



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Aug 22, 2006

EVENT: Sentencing

Defendant: Jeffrey Morton

**LASALLE BANK BRANCH MANAGER SENTENCED
TO 24 MONTHS FOR EMBEZZLEMENT**

A 31-year-old Pontiac man who took over \$130,000 from bank accounts belonging to his elderly clients was sentenced to 24 months in federal prison, United States Attorney Stephen J. Murphy announced today. Joining in the announcement was FBI Special Agent in Charge Daniel D. Roberts.

Jeffrey Morton, a LaSalle Bank personal banker and branch manager, pled guilty on May 8, 2006 to one felony count of bank theft. At his plea, Morton admitted that he stole \$131,552.72 from his clients, Alexander and Sheila Ritchie, who relied on Morton as their personal banker. Mr. Ritchie is 83 years old. Morton admitted that he accomplished the theft by (i) creating an ATM card in Mr. Ritchie's name; (ii) creating two unauthorized accounts; and (iii) performing over-the-counter withdrawals.

“Stealing the savings of senior citizens merits a serious prison sentence,” United States Attorney Murphy said. “The defendant used his position of trust to victimize the vulnerable assets of elderly clients that he was supposed to protect.”

In addition to the prison sentence, United States District Court Judge Gerald E. Rosen also ordered Morton to pay restitution of \$131,552.72. The restitution was ordered to be paid to LaSalle Bank, which had previously reimbursed the Ritchies for the employee's fraud.

U.S. Attorney Murphy thanked the FBI for there assistance in the successful investigation of the case. It was prosecuted by Assistant United States Attorney Leonid Feller.



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Aug 23, 2006

EVENT: Guilty Plea

Defendant: Youssef A. Bakri et al

DEARBORN HEIGHTS MAN PLEADS GUILTY TO RACKETEERING

Youssef Aoun Bakri, 36, of Dearborn Heights, pleaded guilty in federal court today to an indictment charging him with conspiracy to violate the Racketeer Influenced and Corrupt Organizations ("RICO") Act, United States Attorney Stephen J. Murphy announced.

Bakri pleaded guilty in United States District Court before the Honorable Gerald E. Rosen, United States District Judge. The indictment charged Bakri and other defendants with operating a criminal enterprise to traffic in contraband cigarettes and counterfeit goods, to produce counterfeit cigarette tax stamps, and to launder money. Some of the profits made from the illegal enterprise were given to Hizballah, a foreign terrorist organization, according to the indictment. Bakri faces maximum penalties of 20 years in prison and a \$250,000 fine. Two other defendants previously entered guilty pleas to the indictment.

U.S. Attorney Stephen J. Murphy said, "If the proceeds of criminal activity are being used to support any designated terrorist organization, as in this case, where funds were going to Hizballah, we will use all of the legal tools available to us to disrupt, curtail, punish and deter both the criminal activity and the flow of funds to the terrorist organization."

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.

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 awaiting a January 7, 2007 trial date 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; 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 and believed to be out of 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, were identified as unindicted co-conspirators. They both are currently serving prison sentences in related cases for their activities in this matter.

The indictment 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.

The indictment charges that 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.

The U.S. Secretary of State has designated Hizballah a foreign terrorist organization. An entity may be designated as a foreign terrorist organization if the Secretary of States finds that: (1) the organization is a foreign organization; (2) the organization engages in terrorist activity; and (3) the terrorist activity of the organization threatens the security of United States nationals or the national security of the United States.

United States Attorney Stephen J. Murphy commended the work of the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Special Agents of the U.S. 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 Chadwell and Barbara McQuade.



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Aug 24, 2006

EVENT: Sentencing

Defendant: Stuart W. Bilyeu

ANN ARBOR DOCTOR SENTENCED

An Ann Arbor resident was sentenced today on a drug charge stemming from the operation of his medical practice, United States Attorney Stephen J. Murphy announced today.

Stuart W. Bilyeu, D.O., 45, a resident of Ann Arbor, Michigan, was sentenced by United States District Judge Robert H. Cleland to a term of imprisonment of five years, to be followed by a three year term of supervised release.

Dr. Bilyeu pleaded guilty in April 2006 to one count of Illegal Distribution of Schedule III prescription drug controlled substances. The offense arose from the operation of the defendant's medical practice in Taylor and Detroit during 2003-2005. At his guilty plea, the defendant admitted that he illegally prescribed over 60,000 dosage units of Schedule II, III and IV prescription drugs.

In a sentencing memorandum filed before sentencing, the government noted that "drug dealing by a licensed medical professional is a particularly serious offense." In addition, prescription drug abuse is currently the fastest-growing drug threat. The defendant's criminal

conduct was not isolated or sporadic, but instead involved a continuous pattern of illegal conduct over approximately 18 months.

In imposing the maximum possible sentence for this offense, Judge Cleland stated that the defendant had “profited from repeated criminal behavior over the course of years.” Dr. Bilyeu “betrayed the public trust and put patients at risk.”

“The illegal prescribing of controlled substances by medical professionals appears to be increasing in the metro Detroit area. Those doctors who seek to profit from the rising demand for illegal prescription drugs should know that they are risking more than their medical license,” said United States Attorney Murphy. “Doctors who endanger the public for personal gain can expect to serve substantial time in prison.”

The case was prosecuted by Assistant United States Attorney Wayne F. Pratt, and the investigation was jointly conducted by the Drug Enforcement Administration and the Federal Bureau of Investigation, with assistance from the National Drug Intelligence Center.



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Aug 24, 2006

EVENT: Indictment

Defendant: Shawn Gibson et al

**DETROIT RETURN PREPARER INDICTED ON PREPARING FALSE RETURNS AND
WITNESS TAMPERING CHARGES**

Shawn Gibson, 45, a return preparer, along with his accounting firm's vice-president, Tanisha Summers, 30, both of Detroit, were charged with preparing false and fraudulent tax returns, along with conspiring to defraud the Internal Revenue Service, United States Attorney Stephen J. Murphy announced. In addition to the 38 counts of preparing false tax returns, Gibson was also charged with witness tampering, along with Camelia Peatross, 63, also of Detroit, who was indicted on charges of false personation after unlawfully representing herself as an IRS agent to witnesses.

Murphy was joined in the announcement by Maurice M. Aouate, Special Agents in Charge of IRS Criminal Investigation and Peter E. McConney, Special Agent in Charge, Chicago Field Office, Treasury Inspector General for Tax Administration.

According to the second superseding indictment, during 2004, 2005 and 2006, Gibson owned several tax preparation services including Shawn Gibson & Co., New Detroit Tax Services, and Metro Verse Tax Service. As a way of advertising their services, Gibson and Summers would pass out flyers informing potential clients of their tax preparation services. These potential clients would complete a Client Intake Sheet and received a tax analysis.

Whether the clients agreed to use their services or not, Gibson and Summers would file income tax returns on their behalf, adding false dependents, businesses deductions, losses, charitable contributions, and tax credits, in order to increase the tax refund due. The fraudulent tax refunds totaled over \$260,000. In most cases, the refunds were electronically transferred into bank accounts controlled by Gibson. A check was normally prepared and provided to the client in an amount substantially lower than that which was refunded by the IRS. Gibson and Summers also provided clients with copies of their non-filed income tax returns, which more accurately reflected their true tax refund or liability.

According to court records, in June 2006, while IRS Criminal Investigation had an ongoing investigation into Gibson's return preparation business, Gibson tried to unlawfully intimidate a witness from providing testimony, records, documents and the fraudulent refunds to the IRS. That same witness later received a voice mail message from co-defendant Peatross, who represented herself as an IRS agent with an "active warrant" for an arrest of the witness. Peatross instructed the witness to contact Gibson and try to resolve this issue to avoid prosecution.

Later in June 2006, Peatross contacted a Flagstar Bank Employee wanting to gain information on an account associated with the scheme. Peatross identified herself as an IRS agent and asked that the funds of the account be put into a cashier check and sent to her home address. Peatross represented to the bank employee that she could facilitate the return of the funds back to IRS.

United States Attorney Murphy stated that "We take tax enforcement extremely seriously in this district. Abusive tax return preparers, such as these defendants, will always be investigated and prosecuted to the fullest extent by my office. This prosecution demonstrates my office's continuing efforts to enforce tax laws that were set up for the good of all and to deter those who would subvert them."

"While most return preparers provide an excellent service, a few unscrupulous tax preparers can cause an enormous amount of damage to their clients, while criminally enriching their life style", said Aouate. "Don't be used in any money making scheme, be elective in choosing your preparer."

McConney said, "TIGTA will vigilantly investigate all allegations of IRS impersonations and will work with the U.S. Attorney to prosecute all proven allegations to the fullest extent of

the law."

Preparing false and fraudulent tax returns carries a maximum penalty of three years imprisonment and a \$250,000. Conspiracy to defraud the Internal Revenue Service carries a maximum penalty of five years imprisonment and a \$250,000 fine. Witness tampering carries a maximum penalty of ten years imprisonment and a \$250,000 fine. False personation carries a maximum penalty of three years imprisonment and a \$250,000 fine.

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 thanked IRS Criminal Investigation and the Treasury Inspector General for Tax Administration for their investigation of the case. The case is being prosecuted by Assistant U.S. Attorney Noceeba S. Gordon.



U.S. Department of Justice

**Stephen J. Murphy
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Aug 28, 2006

EVENT: Guilty Plea

Defendant: Deric Willoughby et al

**THREE PLEAD GUILTY TO INTERSTATE TRANSPORTATION OF MINORS FOR
PROSTITUTION**

Three of four defendants charged with the sexual exploitation of children, the interstate transportation of minors for prostitution, and criminal conspiracy entered guilty pleas before U.S. District Judge Nancy G. Edmunds, announced United States Attorney Stephen J. Murphy. Mr. Murphy was joined in the announcement by Daniel D. Roberts, Special Agent in Charge, Federal Bureau of Investigation.

Deric Willoughby, 41, of Toledo, Ohio, entered a guilty plea to criminal conspiracy and the interstate transportation of minors for prostitution. Willoughby also agreed to the forfeiture of his real and personal property. Brandy Shope, 19, and Jennifer Huskey, 25, also of Toledo, Ohio, pleaded guilty to conspiracy and interstate transportation of minors for prostitution.

"The sexual exploitation of minors is a horrific crime whenever it occurs, but especially when it involves forced prostitution -- as it did in this case, said United States Attorney Stephen J. Murphy. "Reducing crimes of human trafficking is a key goal of my office and today's guilty pleas evidence our unceasing effort to stop this pernicious criminal activity."

At today's plea hearing, defendants admitted that in May 2005, Deric Willoughby and Brandy Shope brought two minors, aged 14 and 15, to Willoughby's residence in Toledo, Ohio and, along with Jennifer Huskey, agreed to prostitute the minors. Defendant's Shope and Huskey instructed the minors that they would have to engage in commercial sexual acts for money, including sexual intercourse and oral sex, that they would be required to call Deric Willoughby "Daddy" and that they would have to respect and obey Willoughby in all things.

Between May 13, 2005 and May 23, 2005, defendants admitted they compelled the minors to engage in commercial sexual activity with several different adult males in the Toledo, Ohio area. Defendant Willoughby admitted he gave the two minors false identities, including false birth-dates, which the minors were instructed to use if stopped by law enforcement officials.

The defendants admitted that on approximately May 22-23, 2005, Deric Willoughby transported the minors and co-defendants Brandy Shope and Jennifer Huskey to a Sears parking lot in Toledo, Ohio where they met Richard Lamar Gordon, a trucker. Gordon transported the minors, Shope and Huskey to a truck stop in Dexter Michigan for the purpose of prostitution.

Defendant Huskey admitted that Gordon paid for sex with the 14-year-old minor. All three defendants admitted that all monies obtained through the acts of prostitution by the minors were turned over to defendant Willoughby.

Under the terms of the plea agreements, Willoughby and Shope face up to 87 months imprisonment and a fine of up to \$250,000, and Huskey faces up to 71 months imprisonment and a fine of up to \$250,000.

Sentencings are scheduled for December 6, 2006.

The investigation of this case has was conducted by the Federal Bureau of Investigation and the Washtenaw County Sheriff's Department. The case has been prosecuted by Assistant U.S. Attorney Saima Mohsin.



U.S. Department of Justice

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Aug 30, 2006

EVENT: Complaint

Defendant: Ramon Williams

**AN IMMIGRATION ENFORCEMENT AGENT
CHARGED WITH MAKING FALSE STATEMENTS
AND ACCEPTING A BRIBE**

An Immigration Enforcement Agent with the Detroit, Michigan Office of the Immigration and Customs Enforcement division of the Department of Homeland Security was charged today in a criminal complaint with one count of making materially false statements and accepting a bribe, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Special Agent in Charge Thomas Frost, Department of Homeland Security Office of Inspector General, Inspector General Glen Fine, Department of Justice and Special Agent in Charge Edward Dyner of the Department of Justice, Office of Inspector General.

Named in the complaint was Ramon Williams , 27, of Taylor.

The supporting affidavit alleges that from approximately August 2003 to February 2004, Williams was assigned the temporary duty of Deportation Officer. As an Acting Deportation

Officer, Williams was responsible for adjudicating requests for removal of aliens in accordance with laws and regulations. One of the relevant ICE guidelines provided that aliens who were subject to mandatory detention, such as individuals with serious criminal records, were not eligible for placement on electronic monitoring devices or the tether program.

The affidavit further alleges that a girlfriend of a deportable alien, who was not eligible for placement on tether and who was then under William's supervision, was asked by Williams to assist in finding a job for Williams' wife. Williams requested the employment assistance for his wife in exchange for placing the ineligible deportable alien into a non-custodial status pending his deportation from the United States. Williams was subsequently interviewed by agents of the Department of Homeland Security Office of Inspector General and gave a written statement denying his acceptance of any offer or assistance in connection with the arrest and release of the deportable alien. Later in 2005, Williams provided a second written statement in which he recanted his previous statement and admitted that he had arranged for assistance in finding his wife a job and acknowledged that he had lied to investigators.

United States Attorney Murphy stated, "Any allegations of criminal wrong doing by federal officials will be met with a robust and thorough-going prosecutive response from this Office. Such conduct represents a breach of trust with the public that cannot be countenanced or tolerated."

Special Agent in Charge Thomas M. Frost stated "The Department of Homeland Security, Office of Inspector General, aggressively investigates allegations of corruption within the Department and refuses to accept anything less than the highest level of integrity from the Department's employees. However, it is important to point out that this incident is not indicative of the Department's hard working law enforcement personnel that put their lives on the line every day to protect the citizens of the United States. "

Inspector General Glenn Fine, Department of Justice, Office of Inspector General, stated, "Department of Justice employees are not for sale."

Special Agent Edward Dyner stated, "Corruption will not be tolerated within the Department of Justice and corrupt employees will be pursued aggressively."

Williams appeared in federal court this afternoon and was released on an unsecured bond. His preliminary examination is scheduled for 1 p.m. September 18, 2006.

A conviction for these offenses carries a maximum penalty of seven years in prison or a fine of up to \$500,000 fine, or both. Any sentence will ultimately be imposed under the United States Sentence Guidelines according to the nature of the offense and the criminal background, if any, of the defendant.

A complaint is only a charge and is not evidence of guilt. Trial cannot be held on felony charges in a complaint. When the investigation is completed a determination will be made whether to seek a felony indictment.

This case is being investigated by the Office of Inspector General of the Department of Homeland Security and the Office of Inspector General of the Department of Justice. It is being prosecuted by Assistant United States Attorney Bruce Judge.



U.S. Department of Justice

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Aug 31, 2006

EVENT: Guilty Verdict

Defendant: Alonzo Bates

**FORMER DETROIT CITY COUNCILMAN FOUND
GUILTY OF THEFT AND FRAUD**

Former Detroit City Councilman Alonzo Bates, 65, of Detroit, was convicted today by a federal jury on four felony counts of theft from the City of Detroit and one count of bank fraud, United States Attorney Stephen J. Murphy announced today.

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 and Maurice Aouate, Special Agent In Charge of the Detroit Field Office of the Internal Revenue Service, Criminal Investigations Division.

The jury deliberated approximately two days before returning the verdict, concluding a six day trial before United States District Judge Victoria Roberts.

The evidence presented at trial established that between 2002 and 2004 Bates placed ghost employees on the City's payroll. The ghost employees included Britni Barber, the

daughter of Bates' girlfriend; Melvin Cartwright, the defendant's brother-in-law; and Verenda Arnold, the mother of one of defendant's children. Bates also placed Jollan Johnson on the City's payroll who cut his lawn and did odd jobs at his home and rental property. The theft involved over \$91,000 in unearned wages.

Bates was further found guilty of bank fraud based on the fact that, after Jollan Johnson left Michigan for Alabama in February of 2004, the defendant cashed ten additional payroll checks in the name of Jollan Johnson by forging or causing others to forge Johnson's signature without Johnson's knowledge or consent.

Bates pleaded guilty on the eve of trial to charges that he failed to file federal tax returns for tax years 2001 through 2004, as he was required to do under federal law.

"During my term, one of this office's top priorities has been to fight corruption among public officials. Today's verdict evidences our success in carrying out successful prosecutions that support this priority. Public officials who use taxpayer funds for their own personal benefit or gain will be prosecuted by my office to the fullest extent of the law. I congratulate Assistant United States Attorney Michael Bullotta, the FBI, the IRS, and their entire trial team for a job very well done", stated United States Attorney Murphy.

"Public corruption continues to remain a problem and the FBI is committed to aggressively investigating these cases", said FBI Special Agent in Charge Daniel D. Roberts. "As reflected by today's verdict, the FBI will investigate public officials who abuse their elected office for personal gain and this will continue to remain one of the highest priorities of the FBI."

Maurice Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation said, "Public officials must comply with the same tax obligations as the citizens they were elected to serve. No one is above the law."

Each theft count carries a statutory maximum penalty of 10 years in prison and a fine of \$250,000. The bank fraud count carries a maximum penalty of 30 years in prison and a \$1,000,000 fine, and each tax charge carries a penalty of one year in prison and a \$100,000 fine.

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 was prosecuted by Assistant U.S. Attorney R. Michael Bullotta.