



U.S. Department of Justice

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United States Attorney
Eastern District of Michigan**

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Jan 4, 2007

EVENT: Guilty Plea

Defendant: Linda Cochran

**Owner of a Financial Service Business Pleads Guilty to
Filing a False Return.**

Linda Cochran, 58, of Goodrich and formerly of Swartz Creek, Michigan, pleaded guilty to one count of a three-count Indictment charging her with willfully filing a false tax return, signed under penalties of perjury, United States Attorney Stephen J. Murphy announced. Cochran entered the guilty plea in United States District Court before Judge Paul V. Gadola.

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.

According to the court records, Cochran owned and operated Elite Financial Services, Swartz Creek, Michigan, which provided clients with accounting and tax return preparation, among other services. She also owned several real properties, along with her husband, which were rented to tenants. While preparing their 2001 tax return, Cochran deliberately understated the gross receipts from her business, along with understating rent received and overstating expenses on the rental properties. The 2001 tax return, signed under penalties of perjury, reported no joint taxable income, while their true income was over \$95,000. According to the Indictment, during tax

years 1999, 2000, and 2001, she fraudulently reported approximately \$10,000, when she should have reported approximately \$258,000 in joint taxable income.

U.S. Attorney Stephen J. Murphy said, "Like voting and jury service, the voluntary payment of taxes is a duty of all American citizens. Taxes are the costs we pay for our ordered democracy, and those who intentionally avoid paying taxes or cheat the system will be aggressively prosecuted."

"It is the responsibility of every taxpayer to file correct and accurate federal tax returns, especially someone who makes their living advising others to do just that," stated Aouate.

Cochran also agreed to file accurate tax returns prior to her sentencing, which is scheduled for April 10, 2007, at 2:00 pm.

United States Attorney Murphy thanked the Internal Revenue Service Criminal Investigation for their investigation of the case. The United States was represented by Assistant United States Attorney Robert W. Haviland.



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Jan 4, 2007

EVENT: Guilty Plea

Defendant: Iftakhar Udin Khan.

BLOOMFIELD HILLS MAN PLEADS GUILTY TO HEALTH CARE FRAUD

A 59-year-old Bloomfield Hills man pled guilty today to committing health care fraud, United States Attorney Stephen J. Murphy announced today.

Pleading guilty before U.S. District Judge Nancy Edmunds was Iftakhar Udin Khan.

In his plea, Khan agreed that he signed and caused to be submitted to the federal Medicare program, a fraudulent cost report relative to claimed expenses incurred in operating Michigan Rehabilitation and Pain Management (MRPM), a business which provided health care services to Medicare patients. Specifically, Khan agreed that when he signed and caused the submission of the cost report, he knew it contained false expense entries, including: 1) salaries and pension costs for defendant's spouse and defendant's brother's spouse, neither of which were employed as represented by MRPM; and (2) non-reimbursable marketing expenses associated with patient referral activities that were disguised as reimbursable expenses, such as contract physical therapy costs.

As part of the plea, the government may establish that Khan committed similar fraudulent acts regarding three other annual Medicare cost reports which, along with the previous cost report,

resulted in MRPM improperly receiving a total of \$799,462 from Medicare. The government has charged that Khan committed these acts while serving as the MRPM's president.

“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.”

Khan's sentencing is scheduled for May 3, 2007. Given his guilty plea, Khan may be sentenced to up to 30 months in prison.

The investigation of this case was conducted by the Federal Bureau of Investigation, the Department of Health and Human Services–Office of the Inspector General, and the Postal Inspection Service. The case has been prosecuted by Assistant U.S. Attorneys Paul Burakoff and James Mitzelfeld.



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Jan 9, 2007

EVENT: Indictment

Defendant: Patrick J. Harrington et al

19 CHARGED IN \$76 MILLION FRAUD CONCERNING SBA LOANS

United States Attorney Stephen J. Murphy today announced that 19 persons have been charged in federal court with fraud in connection with over \$ 76 million in loans guaranteed by the federal Small Business Administration (SBA).

Mr. Murphy was joined in the announcement by Eric Thorson, Inspector General, Small Business Administration and Special Agent in Charge Desmond Scanlon, United States Secret Service, Detroit Field Office.

Indictments were unsealed charging five persons, and another 14 persons were charged in criminal complaints. Those charged by Indictment were:

Patrick J. Harrington, 44, of Beverly Hills, Michigan, a former Executive Vice President of Business Loan Express, LLC, ("BLX"), a company owned by Allied Capital. BLX is one of the largest lenders participating in the SBA 7(a) Loan Guaranty Program and has offices throughout the country. Harrington was charged in a 14-count indictment with

conspiracy, wire fraud, tampering with witnesses, making false declarations before the grand jury, and making false statements to a bank. According to his indictment, Harrington was the head of the Troy, Michigan office of BLX. The indictment describes a scheme whereby Harrington and others conspired to fraudulently qualify loan applicants for SBA-guaranteed loans, primarily for the “purchase” of gas stations. The indictment alleges that Harrington, in conjunction with approximately five “loan brokers,” fraudulently caused BLX to make as many as 76 SBA-guaranteed loans, totaling \$76,869,200. The indictment claims that borrowers’ payment defaults have already cost taxpayers approximately \$28,423,223. The indictment claims that loan applicants were “qualified” for the loans by overstating or misstating the applicants’ financial and other qualifications, and by falsifying the amount of the money being contributed to the small business by its owners.

Deborah J. Lazenby, 48, of Canton, Michigan, a former Assistant Vice President of Huntington National Bank, was charged with conspiracy and misapplication of bank funds as a result of her alleged involvement in the conspiracy. According to her indictment, Lazenby, who managed a Dearborn, Michigan, branch of Huntington National Bank, participated in the scheme by supplying one of the loan brokers with false verifications of loan applicants’ bank accounts, and by giving the broker unpaid-for Huntington National Bank cashier’s checks to be used at loan closings for loans provided by BLX.

Abdul Waheed Khan, 60, of Sterling Heights, Michigan, **Fikri Mamdouh**, 36, of Dearborn, Michigan, and **Khaled Manassra**, 35, of Dearborn Heights, Michigan. Their indictment, which charges the men with conspiracy and making false statements within the jurisdiction of the SBA, alleges that Khan and Mamdouh fraudulently obtained a \$944,000 SBA-guaranteed loan from a BLX subsidiary, the Business Loan Center, and that Manassra facilitated the loan by providing phony bank documentation for Khan and Mamdouh. The indictment states that the SBA has already incurred a loss of \$709,264 on the loan.

United States Attorney Stephen J. Murphy said, “There is a strong federal interest and public concern whenever federally-guaranteed loan programs, such as the Small Business

Administration's loan program, are made the target of fraudulent schemes. This is particularly true when the schemes involve high level officials from lending institutions and tens of millions of dollars in fraudulent loans. I applaud the excellent investigative work of the SBA-OIG and the Secret Service in this case."

Eric Thorson, Inspector General for the Small Business Administration (SBA), said, "Our office is committed to investigating multi-tiered fraud schemes involving lending officials, loan agents, borrowers and others who conspire to submit false information to receive SBA loans." Inspector General Thorson praised the combined law enforcement efforts in this case and the work completed by the U.S. Attorney's Office for the Eastern District of Michigan

Special Agent in Charge Desmond Scanlon of the U.S. Secret Service's Detroit Field Office said, "The protection of our financial infrastructure is crucial to the overall security of our nation, said. This successful joint investigation, culminating in today's arrests, illustrates the value of partnerships between government agencies in detecting and preventing crimes that threaten financial systems."

The following individuals, all of whom were borrowers who are alleged to have fraudulently obtained SBA-guaranteed loans from BLX, were charged by complaints with conspiracy to defraud the United States and to make false statements within the jurisdiction of the SBA:

Murshid Al-Nakib, 36, Dearborn, Michigan;
Mohamad Cheaib, 47, of Northville, Michigan;
Sanaa Dakhallah, 34, of Dearborn, Michigan;
Fatme Saad, 44, of Dearborn, Michigan;
Mona Faraj, 40, of Dearborn, Michigan;
Mohamed Baydoun, 44, of Dearborn, Michigan;
Tawfiq Alfakhouri, 67, of Dearborn, Michigan;
Mohamed Khadr, 56, of Ypsilanti, Michigan;
Hanan Awada, 32, of Dearborn, Michigan;
Jihad Zahra, 33, of Dearborn, Michigan;
Barbara Stylianou, 33, of Detroit, Michigan;

Youssef Bazzi, 61, of Dearborn, Michigan;
Hassan Zeineddine, 40, of Dearborn, Michigan;
Dima Jaber, 45, of Dearborn, Michigan.

The indictments and complaints are only charges. The defendants are presumed innocent and are entitled to a fair trial at which it will be the government's burden to prove guilt beyond a reasonable doubt.

Trial cannot be held on felony charges in a complaint. Complaints are often dismissed before the matter is presented to a grand jury to allow the parties time to negotiate a pre-indictment resolution of the matter, or to allow the government an opportunity to seek additional evidence, and/or to further consider whether seeking an indictment is in the best interest of justice.

Today's charges relate to charges lodged in six previously returned indictments. Three of the previously charged defendants remain at-large:

Ahmed Qdeih, 43, of Warren, Michigan (awaiting trial);
Mohammed Mustafa, 38, of Warren, Michigan (awaiting trial);
Sharif Affas, 40, of Dearborn, Michigan (awaiting sentencing);
Bassam Radwan, 41, of Dearborn, Michigan (awaiting sentencing);
Husam Fakhoury, 38, of Dearborn Heights, Michigan (awaiting sentencing);
Roman Novatchinski, 37, of Sterling Heights, Michigan (awaiting trial);
Wladimir Mizerni, 52, formerly of Waterford, Michigan (fugitive, believed to be in Australia);
Halina Mizerni, 45, formerly of Waterford, Michigan (fugitive, believed to be in Australia);
Falamarz Zahraie, 51, of Farmington Hills, Michigan (awaiting trial);
Daryoush Zahraie, 47, of Lake, Michigan (awaiting trial);
Abdulla Al-Jufairi, 41, formerly of Canton, Michigan (fugitive, believed to be in Qatar).

The maximum penalty for conspiracy, for false statements, and for making false declarations before the grand jury is five years imprisonment, a \$250,000 fine, and three years supervised release. The maximum penalty for wire fraud is 20 years imprisonment, a \$250,000

fine, and three years supervised release. The maximum penalty for witness tampering is 10 years imprisonment, a \$250,000 fine, and three years supervised release. The maximum penalty for misapplication of bank funds and making false statements to a bank is 30 years imprisonment, a \$1 million fine, and five years supervised release.

The investigation of this case, which continues, is being conducted by special agents of the U.S. Small Business Administration-Office of Inspector General and the United States Secret Service. Stephen T. Robinson is the Assistant United States Attorney assigned to the investigation.

Individuals with knowledge of SBA-loan fraud are encouraged to contact the SBA-OIG fraud line at 1 (800) 767-0385.



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Jan 10, 2007

EVENT: Guilty Plea

Defendant: John J. Gdyra

19 CHARGED IN \$76 MILLION FRAUD CONCERNING SBA LOANS

A 49-year-old Roseville man who took over \$360,000 from bank accounts belonging to his elderly and deceased clients was sentenced to 41 months imprisonment today, United States Attorney Stephen J. Murphy announced.

John J. Gdyra, a Comerica Bank personal banker and assistant branch manager, pled guilty to one felony count of embezzlement by a bank employee on September 7, 2006 before United States District Judge Sean F. Cox. Gdyra, who had been employed at Comerica Bank's Warren branch at 29100 Ryan Rd., admitted that he took a total of \$360,859.04 deposited by six sets of clients. Gdyra stole the money by closing or depleting CD and IRA accounts belonging to the victims, without their knowledge, and then depositing the funds into his personal account. Gdyra attempted to conceal his fraud by forging withdrawal slips and destroying bank surveillance tapes.

Each of Gdyra's victims was elderly: at the inception of the fraud in 2003, the youngest victim was 73 years old; the oldest victim was 92 years old. Gdyra also apparently targeted couples where one spouse had recently passed away.

United States Attorney Stephen J. Murphy said, “Certainly what we see here – the embezzlement of the savings of aged and recently bereaved senior citizens by their personal banker from their CDs and IRAs – is among the more serious examples of a breach of trust. Today’s 41-month prison sentence represents an appropriate punishment for such a crime.”

Gdyra was also ordered to pay full restitution and a \$7,500 fine, as well as to serve four years of supervised release after leaving custody.

The case was prosecuted by Assistant United States Attorney Leonid Feller.



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Vera Fedorak - ATF (313) 259-7917

Jan 12, 2007

EVENT: Guilty Verdict

Defendant: Keith Kallstrom

OKLAHOMA MAN CONVICTED ON FEDERAL FIREARMS CHARGES

A 57-year-old man from Broken Arrow, Oklahoma was found guilty today by a federal jury in Bay City, Michigan on two counts of possessing and transporting, in interstate commerce, four hand grenades and on five counts of using the mail in the commission of a murder-for-hire scheme, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Valerie J. Goddard, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives, and Acting Special Agent in Charge Judith M. Chilen, Federal Bureau of Investigation.

Found guilty was Keith Kallstrom, 57, of Broken Arrow, Oklahoma.

The jury deliberated for approximately four hours before returning the verdict, concluding a four and half day trial before United States District Judge Thomas L. Ludington.

The evidence presented at trial showed that in August, 2005, Kallstrom traveled from

Oklahoma to the Pinconning/Bay City area in hopes of finding his estranged wife. Deputies from the Bay County Sheriff's Department, acting on a call about a suspicious person playing with a set of handcuffs, reported to an area near the Pinconning Cheese House on Pinconning Road east of I-75. When deputies arrived, they confronted Kallstrom and were subsequently given consent by Kallstrom to search his vehicle. During the search deputies recovered a loaded Baretta 9mm handgun, a rifle, shotgun, a loaded magazine and four live explosive grenades. Kallstrom was placed under arrest and was subsequently indicted on the weapons charges.

While lodged at the Bay County Law Enforcement Center, awaiting trial on the weapons offenses, Kallstrom met and spoke with a fellow inmate and entered into a contract with him whereby Kallstrom would pay the inmate \$5,000 in exchange for the inmate murdering James Wickstrom and Wickstrom's son. A series of letters were sent by Kallstrom to the inmate encouraging him to follow through on the contract. Wickstrom was living with Kallstrom's estranged wife at the time in Gladwin, Michigan. The inmate immediately turned the contract and Kallstrom's letters over to the FBI and cooperated with the government.

United States Attorney Murphy said, "I personally congratulate the Bay County Sheriff's Department, as well as the Michigan State Police, the ATF and the FBI, for their fine work and cooperative effort in this case. Their swift response and excellent investigation headed off what appeared to have been a significantly violent plan of murder for hire. I commend as well the trial team for their hard work and persuasive skill in presenting the case in court."

Special Agent in Charge Valerie J. Goddard said, "Mr. Kallstrom had acquired handguns, rifles and grenades and traveled to the State of Michigan from Oklahoma looking for his estranged wife. I commend the jury for their guilty verdict and I commend the work of our agents, officers and the Federal prosecutor who are responsible for removing this violent offender from our streets."

Murphy commended the work of the Deputies of the Bay County Sheriff's Department, agents of the Bureau of Alcohol, Tobacco, Firearms and Explosives and the Federal Bureau of Investigation and the Michigan State Police.

A sentencing date has not been set. Kallstrom faces a sentence of imprisonment of up to ten years. The case was prosecuted by Assistant U.S. Attorney James Brunson.



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Jan 17, 2007

EVENT: Consent Decree

Defendant:

**JUSTICE DEPARTMENT SETTLES LAWSUIT ALLEGING RETALIATION
UNDER THE FAIR HOUSING ACT**

A proposed Consent Decree was filed today settling a case alleging retaliation against an individual for filing a complaint with a local fair housing center, announced Stephen J. Murphy, United States Attorney.

The case was brought under the federal Fair Housing Act against Fairway Trails Limited, L.P., Benchmark Management Corporation, Benchmark Michigan Properties, Inc., and Nicole Morbach, who owned, operated and managed Fairway Trails Apartments in Ypsilanti, Michigan. The Consent Decree has been submitted to Judge John Corbett O'Meara of the United States District Court for the Eastern District of Michigan for approval.

The government's complaint alleged that the Defendants retaliated against Harry Tyus after the Executive Director of the Fair Housing Center of Southeastern Michigan sent a letter to Fairway Trails Apartments stating that Tyus was an individual with a disability and asking that he be granted a reasonable accommodation under the Fair Housing Act. Shortly thereafter, Defendants attempted to evict Tyus, and when they were unsuccessful, they

announced that he would not be permitted to renew his lease.

The case was initiated when Tyus filed a fair housing complaint with the U.S. Department of Housing and Urban Development (HUD). After investigating the matter, HUD issued a charge of discrimination, and the matter was referred to the United States Attorney's Office, which filed the complaint on May 8, 2006. The case was handled jointly with attorneys from the Housing and Civil Enforcement Section of the Civil Rights Division.

"Our country's civil rights laws require not only freedom from discrimination but also freedom from retaliation for those who seek to exercise their civil rights. Today's settlement helps to ensure that those who wish to assert their rights under the Fair Housing act can do so without fear of reprisal." U.S. Attorney Murphy said. "We appreciate the cooperation of the Defendants in resolving this case without protracted litigation."

The settlement resolves the government's case as well as the related claim filed by Tyus who intervened in the government's lawsuit. Under the settlement, the Defendants have agreed to pay \$50,000 in damages and attorney fees to Harry Tyus, to post a nondiscriminatory rental policy, to undergo training on the requirements of the Fair Housing Act; and to submit periodic reports to the U.S. Attorney's Office.

Fighting illegal housing discrimination is a top priority of the Justice Department. In February, 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.

Individuals who believe that they may have been victims of housing discrimination can call the Housing Discrimination Tip Line (1-800-896-7743), contact the Department of Housing and Urban Development at 1-800-669-9777, or email the Justice Department at fairhousing@usdoj.gov. The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, familial status, national origin and disability.



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Greg Palmore, ICE - (313) 226-0726

Jan 18, 2007

EVENT: Guilty Plea

Defendant: Hadianto Djoko Djuliarso

INDONESIAN BUSINESSMAN PLEADS GUILTY TO ARMS TRAFFICKING

An Indonesian businessman entered a plea of guilty earlier today to charges of conspiracy to violate the Arms Export Control Act and money laundering, United States Attorney Stephen J. Murphy announced.

U.S. Attorney Murphy was joined in the announcement by Brian M. Moskowitz, Special Agent in Charge, U.S. Immigration and Customs Enforcement, and James G. Randas, Resident Agent in Charge of the Columbus, Ohio office of the Defense Criminal Investigative Service of the U.S. Department of Defense.

Pleading guilty before U.S. District Court Judge John Feikens was HADIANTO DJOKO DJULIARSO, age 41, of Jakarta, Indonesia.

The plea arose from an attempt by DJULIARSO to purchase defense articles, including radar and guidance parts for military aircraft, and smuggle those items out of the United States. As part of the same scheme DJULIARSO and other members of the conspiracy also

took steps to purchase and illegally export more than \$1,000,000.00 worth of machine guns, sniper rifles and other weapons, and also made inquiries into purchasing Sidewinder missiles and a large quantity of strafing ammunition.

The underlying scheme was uncovered by federal agents working in Michigan and Hawaii, who arrested the targets before any of the defense articles were allowed to leave the country. Agents of the Department of Homeland Security and agents of the Department of Defense also confiscated over \$600,000.00 in funds which DJULIARSO and others had transferred to the United States to pay for the first shipment of defense equipment.

Under the plea agreement, DJULIARSO faces up to 87 months in prison. DJULIARSO also agrees to the forfeiture of \$600,480.04 that was seized during the underlying investigation. A sentencing date for Mr. DJULIARSO will be set by the Court.

U.S. Attorney Murphy reported that all four of the defendants charged by his office in this case have been convicted.

Earlier this month, co-defendant IGNATIUS FERDINANDUS SOEHARLI, age 49, of Indonesia entered a plea of guilty to violate the Arms Export Control Act. Under the terms of his plea agreement, SOEHARLI faces up to 57 months imprisonment. A sentencing date for Mr. SOEHARLI will be set by the Court.

In December of 2006, co-defendant IBRAHIM BIN AMRAN, age 46, of Singapore, entered a plea to charges of conspiracy to violate the Arms Export Control Act and money laundering. BIN AMRAN faces up to 87 months imprisonment. A sentencing date for Mr. BIN AMRAN will be set by the Court.

In October of 2006, co-defendant DAVID BEECROFT, age 44, of the United Kingdom was also convicted by plea of conspiracy to violate the Arms Export Control Act. In December of 2006, DAVID BEECROFT was sentenced to 8 months imprisonment. Upon his release from prison, BEECROFT was immediately deported from the United States.

The Arms Export Control Act and other provisions of U.S. law impose controls on the

export of defense articles, munitions and military equipment.

“This office will continue to vigorously prosecute violations of our country’s laws that safeguard the export of military equipment and armaments,” U.S. Attorney Murphy said. “The agencies in this case deserve the highest commendation for their swift and steady response to this matter, which has resulted in the arrest and conviction of four defendants and the seizure of more than \$600,000 in funds.”

This case reveals the importance of keeping sensitive US military components out of the wrong hands," said Brian Moskowitz, special agent in charge of the ICE Office of Investigations in Detroit. "The joint work of ICE and DCIS halted the illegal proliferation of arms and strategic technology."

The case was investigated by special agents of the Department of Homeland Security, U.S. Immigration and Customs Enforcement, and the Department of Defense, Criminal Investigative Service. The case is being prosecuted by Assistant U.S. Attorney Bruce Judge.



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Jan 18, 2007

EVENT: Guilty Plea

Defendant: John G. Bergin

**MAN PLEADS GUILTY TO BANK FRAUD
THAT FUNDED HIS CASINO GAMBLING**

A resident of suburban Chicago pleaded guilty today to one count of bank fraud in connection with a scheme to obtain funds to gamble at a Detroit casino, United States Attorney Stephen J. Murphy announced.

John G. Bergin, 42, entered the guilty plea before U.S. District Judge Lawrence P. Zatkoff. At the plea hearing, Bergin admitted that he made bogus deposits into his savings account at Think Federal Credit Union by depositing empty deposit envelopes into ATMs located in Oakland County. This fraudulently inflated his account balance and enabled Bergin to withdraw cash from ATMs in metropolitan Detroit and purchase merchandise using his ATM/debit card. All of the fraudulent activity occurred in March 2006. Bergin used most of the fraudulent proceeds, which totaled \$80,000, at the Motor City Casino.

Under his plea agreement with the government, Bergin faces up to 18 months' imprisonment, a 5-year term of supervised release, and a \$30,000 fine. He will also be

ordered to pay full restitution to Think Federal Credit Union. He is scheduled to be sentenced by Judge Zatkoff on April 12.

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



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Jan 18, 2007

EVENT: Guilty Plea

Defendant: Raheel "Ray" Shiekh

Hamtramck Businessman Pleads Guilty to Moving Cash for Major Drug Organization

Raheel "Ray" Shiekh, 45, of Warren, pleaded guilty to money laundering, United States Attorney Stephen J. Murphy announced today.

Mr. Murphy was joined in the announcement by Special Agent in Charge Robert Corso, United States Drug Enforcement Administration and Special Agent in Charge Maurice Aouate, Internal Revenue Service Criminal Investigation.

According to court records, during 2004 and 2005, Sheikh agreed to assist the Quasand Lewis drug organization in the purchase of several buildings in Detroit and elsewhere. Sheikh took delivery of over \$1.2 million in currency, and using family members and friends, converted the cash to cashiers checks. These cashiers checks were used to purchase the "West Park" Apartments, in Detroit and other buildings in Highland Park, Michigan, Clarkson, Georgia, and Pembroke Pines, Florida. All the properties were purchased in nominee names to conceal and disguise the nature and ownership of the illegal proceeds. Sheikh received a commission of \$25,000 from the Lewis drug organization.

On December 11, 2006, Lewis was sentenced to 18 years imprisonment for his role in illegal drug trafficking after admitting that he organized the distribution of more than 10,000 kilograms of marijuana here in the Detroit area.

“I salute the dedication and tireless efforts of the entire law enforcement team who worked together to bring down the Lewis drug organization,” United States Attorney Stephen J. Murphy said. “Their dedication reflects the finest in cooperation and teamwork between federal and local law enforcement agencies.”

Special Agent in Charge Corso stated, “Mr. Shiekh’s guilty plea highlights the significant role money laundering played to support the drug trafficking of this organization. DEA and our law enforcement partners will continue to leave no stone unturned while uncovering the money and assets gain through illegal means.”

IRS Special Agent in Charge Aouate stated that, “Drug dealers and the people they solicit to help them, like any other criminals, are motivated by greed. IRS Criminal Investigation’s unique role is to follow the money trail and, in partnership with DEA and other law enforcement agencies, identify all the guilty parties, shutting them down for good.”

A sentencing date will be set by the Court.

This case is being prosecuted by Assistant United States Attorney Janice Terbush.



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Jan 24, 2007

EVENT: Indictment

Defendant: Comprehensive Environmental Solutions, Inc.

**Dearborn Wastewater Treatment Facility and Four Former Employees
Charged with Illegally Discharging Untreated Liquid Wastes**

A federal grand jury in Detroit, Michigan returned a 12-count Indictment today charging a Dearborn waste treatment company and three former employees with violations of the Clean Water Act, conspiracy, making false statements and obstruction of justice, in connection with illegal discharges of untreated liquid wastes from the facility. An information and plea agreement for a fourth former employee was filed today in U.S. District Court, announced United States Attorney Stephen J. Murphy. US Attorney Murphy was joined in the announcement by David M. Uhlmann, Chief of the Justice Department's Environmental Crimes Section.

Charged in the Indictment are:

- Comprehensive Environmental Solutions, Inc. (CESI), a Nevada Corporation which operates a wastewater treatment and disposal facility at 6011 Wyoming Street, Dearborn, Michigan;
- Bryan S. J. Mallindine, 50, of Carlsbad, CA, the former president and CEO of CESI, who is charged with conspiracy, a Clean Water Act violation, and obstruction of justice;

- Michael G. Panyard, 44, of Pleasant Ridge, MI, a former president, general manager, and sales manager at CESI, who is charged with conspiracy, three Clean Water Act violations, and seven false statement charges; and
- Charles D. Long, 41, of Brownstown, MI, a former plant manager and operations manager at the facility, who is charged with conspiracy and a Clean Water Act violation.

The plea agreement and information, which were unsealed today, charge Donald A. Kaniowski, 37, of Dearborn, MI, a former plant manager at the CESI facility, with unlawfully bypassing treatment equipment and discharging untreated liquid wastes into the Detroit sanitary sewer system, in violation of the Clean Water Act.

United States Attorney Stephen J. Murphy said, "The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system. Today's charges demonstrate the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations."

"The indictment in this case alleges that the defendants were paid to accept millions of gallons of waste at a time when their storage tanks were already filled to capacity," said David M. Uhlmann, Chief of the Justice Department's Environmental Crimes Section. "The defendants then allegedly discharged the waste into the Detroit sewer system without adequate treatment, which is precisely the type of conduct that the Clean Water Act was enacted to prevent."

According to the Indictment, in 2002, CESI took over ownership and operations at the Wyoming Street facility. The facility had a permit to treat liquid waste brought to the facility through a variety of processes and then discharge it to the Detroit sanitary sewer system. The facility contained twelve large above ground tanks capable of storing more than 10 million gallons of liquid industrial wastes.

According to court records, although the facility's storage tanks were at or near capacity, the company continued to accept millions of gallons of liquid wastes which it could not adequately treat or store. The Indictment alleges that, in order to reduce costs and maintain storage space at the facility for additional wastes, the defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer, in violation of the Clean Water Act and Detroit City Ordinance requirements, and made false statements and engaged in other surreptitious activities in order to conceal their misconduct.

The possible penalties are: for conspiracy or making false statements, up to five years in prison for each violation; for Clean Water Act violations for unlawfully bypassing treatment equipment or otherwise violating local pretreatment requirements, up to three years in prison; for the Clean Water Act violation of tampering with or rendering inaccurate monitoring equipment, up to two years in prison; for the obstruction violation, charged against Bryan S.J. Mallindine, up to ten years in prison.

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.

Untreated and insufficiently-treated industrial wastes discharged into a sanitary sewer can interfere with the operation of a sewage treatment plant, causing a discharge of untreated sewage and other wastes into a lake or river. If a major storm event causes a sanitary sewer to exceed its capacity, then untreated and insufficiently-treated industrial wastes in that sanitary sewer may discharge directly to lakes and rivers.

The case was investigated by Special Agents of the U.S. Environmental Protection Agency Criminal Investigation Division and the Federal Bureau of Investigation, with the assistance of the U.S. Coast Guard and the Michigan Department of Environmental Quality Office of Criminal Investigations. The case is being prosecuted by Assistant U.S. Attorney Mark Chutkow and U.S. Department of Justice Senior Counsel James Morgulec.



U.S. Department of Justice

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Jan 25, 2007

EVENT: Guilty Plea

Defendant: Robert Traylor

**West Bloomfield Resident Pleads Guilty to Preparing a False Tax Return
After Hiding Assets For Narcotics Trafficker.**

Robert Traylor, 29, of West Bloomfield, a former NBA basketball player, pleaded guilty to aiding and assisting in the preparation of a false tax return, United States Attorney Stephen J. Murphy announced today.

Mr. Murphy was joined in the announcement by Special Agent in Charge Maurice Aouate, Internal Revenue Service Criminal Investigation Division and Special Agent in Charge Robert Corso, United States Drug Enforcement Administration.

According to court records, Traylor's name was used to make it appear that he had purchased two rental properties in Detroit, Michigan, when, in fact, the purchases had been funded and the properties owned by Quasand Lewis. Lewis has recently been sentenced in federal court on charges of narcotics trafficking and money laundering. In his plea today, Traylor admitted the properties for which he claimed deductions were titled in his name to

conceal Quasand Lewis' ownership of them from law enforcement. Traylor also admitted as part of his plea that on his 2004 federal income tax return, he claimed a loss of over \$205,000 from the rental properties, which he knew to be false.

On December 11, 2006, Lewis was sentenced to 18 years imprisonment for his role in illegal drug trafficking after admitting that he organized the distribution of more than 10,000 kilograms of marijuana in the Detroit metro area. Traylor is the second defendant to plead guilty this year to concealing assets for Lewis and the conspiracy in which he was involved. Earlier in January, 2006, Raheel "Ray" Shiekh, a Hamtramck businessman, pleaded guilty earlier this month to converting over \$1.2 million dollars in cashiers checks for the purchase of properties in nominee names in Detroit federal court.

United States Attorney Murphy stated, "As I have said many times, we take the enforcement of federal criminal tax laws very seriously. Anyone who, for whatever reason, disguises the true nature of their income and deductions, denies the government the very tax dollars it needs to effectuate its various functions and many important programs. Anyone who would defraud the IRS by causing income tax forms to be filed that are false can expect to be greeted with federal prosecution and an appropriate penalty to possibly include jail time."

IRS Special Agent in Charge Aouate stated that, "Like many criminals, those who defy and deride the system of voluntary tax compliance are motivated by greed. IRS Criminal Investigation's unique role is to follow the money trail and, in partnership with DEA and other law enforcement agencies, identify all the guilty parties, shutting them down for good."

Special Agent in Charge Corso stated, "Mr. Traylor's guilty plea highlights the length to which individuals trafficking in narcotics will go to hide their illegal proceeds from law enforcement. DEA and our law enforcement partners are committed to not only ridding the streets of drugs and those who traffic in major quantities of them, but to finding and stopping the illegal transfer of drug proceeds as well."

United States Attorney Murphy thanked all the federal law enforcement partners who played a role in the investigation leading up to the plea of defendant Traylor and he paid special thanks to Assistant United States Attorney Janice Terbush, who prosecuted the case.

A sentencing date will be set by the Court.



U.S. Department of Justice

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Jan 30, 2007

EVENT: Guilty Plea

Defendant: Mouhamad Bazzi

DEARBORN RESIDENT PLEADS GUILTY TO ARSON

A 19-year-old Dearborn resident pleaded guilty today to arson, that is, the malicious destruction, by fire, of The Dollar Store/Smokey Joe's retail store located in a commercial shopping center known as Superior Plaza in Dearborn, Michigan, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Valerie J. Goddard, Special Agent in Charge of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Pleading guilty before U.S. District Judge John Corbett O'Meara was Mouhamad Bazzi.

The information presented to the court at the time of the plea showed that The Dollar Store/Smokey Joe's, which leased retail space at 7709 Wyoming, Dearborn, was a business owned by Bazzi's mother and operated by Bazzi and his brother. On January 13, 2006, persons hired by Bazzi went to the store, after hours, and set fire to the building. Bazzi made arrangements to have the doors to the business unlocked allowing easy access to the persons

he hired to destroy the building. The fire was deliberately set with the expectation that an insurance carrier would compensate his mother for the business inventory and property destroyed by the fire and for the business interruption. The fire not only destroyed the Bazzi's business, however, but also did extensive damage to the Superior Plaza and other businesses operating at that location.

Under the terms of his plea agreement, Bazzi faces a mandatory minimum 60 months in prison. The date for sentencing will be set by the Court.

Co-defendant Henry Derrick, who previously pleaded guilty in May of 2006, to setting the fire that destroyed the building, is awaiting sentencing. Co-defendant Darren Curtis, who is also charged with arson, is awaiting trial.

United States Attorney Stephen J. Murphy said, "Arson often combines violence and fraud, because it involves both destroying property and defrauding the insurance company. Once the fire is set, the destruction can be difficult to control, however, as we saw in this situation. ATF deserves a lot of credit for solving this case."

Special Agent in Charge Valerie J. Goddard of the Bureau of Alcohol, Tobacco Firearms and Explosives (ATF) in Michigan states, "The crime of arson is one of the most difficult types of cases to solve. Results of our joint investigation sends a message to the public that crimes of violence, such as this case of arson, are not tolerated," Goddard said.

The investigation of this case was conducted by agents of the Bureau of Alcohol, Tobacco, Firearms and Explosives with the assistance of the Dearborn Police Department.



U.S. Department of Justice

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Jan 31, 2007

EVENT: Guilty Plea

Defendant: Bethann Shauntee

FORMER SOCIAL SECURITY EMPLOYEE SENTENCED

Bethann Shauntee, 40, of Detroit and former employee of the Social Security Administration, was sentenced by United States District Judge Bernard A. Friedman to 12 months in prison after pleading guilty to one count of defrauding the Social Security Administration of over \$21,000 and one count of Misuse of a Social Security number, United States Attorney Stephen J. Murphy announced today.

Mr. Murphy was joined in the announcement by William J. Cotter, Special Agent In Charge of the Chicago Field Division of the Social Security Administration, Office of the Inspector General.

The fraud occurred over a 16 month period between November 2004 and February 2006. During that time Shauntee worked as a Claims Representative for the Social Security Administration. Shauntee committed the fraud by accessing the Social Security Administration computer database to divert the Supplement Security Income (SSI) checks of disabled adults to her co-defendant, Walter Johnson. Shauntee also accessed the Social Security Administration computer database after Johnson cashed the SSI checks to falsely report that the checks had not been received,

which caused additional checks to be issued to Johnson. While on bond in this case, Shauntee used a false Social Security number to open a credit union account.

As part of her sentence Shauntee must repay the amount obtained by fraud, namely, \$21,418.20. Shauntee was terminated by the Social Security Administration. Johnson was sentenced on November 22, 2006 to serve 67 months in prison after a pleading guilty to one count of being a Felon in Possession of a Firearm.

United States Attorney Murphy said: "The theft of federal funds intended for the poor and disabled is an egregious offense. It is made even more so when the theft is committed by a federal employee. Such breaches of trust will be met with the full force of available federal criminal statutes."

The investigation of this case was conducted by the Social Security Administration, Office of the Inspector General and the U.S. Secret Service. The case was prosecuted by Assistant U.S. Attorney Pamela Thompson.