



U.S. Department of Justice

**Craig S. Morford
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For Immediate Release:

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January 5, 2005

EVENT: Guilty Plea

DEFENDANT: Bradley Paul Taylor, 28 of Rochester Hills, Michigan

Bradley Paul Taylor, age 28, formerly a resident of Rochester Hills, Michigan, has pleaded guilty to charges of making a false distress call to the United States Coast Guard announced United States Attorney Craig S. Morford. Mr. Taylor pleaded guilty before U.S. District Judge Robert H. Cleland on Tuesday, January 4.

Taylor admitted, through his guilty plea, that on the night of June 1, 2003, he contacted the United States Coast Guard Station Belle Isle, Michigan, on VHF channel 16, the international hailing and distress frequency. In this urgent radio request for assistance, defendant Taylor falsely told the Coast Guard watchstander that his vessel was taking on water in Lake St. Clair and that he was about to lose the use of his radio. The Coast Guard responded quickly to this distress call by sending rescue boats from Coast Guard Stations Belle Isle and St. Clair Shores, Michigan, and launching a rescue helicopter from Coast Guard Air Station Detroit. At the time he made this call Taylor was actually aboard a vessel that was

docked at a Detroit area marina. As a result of this false distress call, the Coast Guard incurred search and rescue expenses of at least \$ 10,718.

“False distress calls not only cost taxpayers money and place U.S. Coast Guard members at increased personal risk, but more importantly, they divert limited resources from mariners who are in actual distress,” stated Captain Paul Preusse, Chief of Operations for the Ninth Coast Guard District.

Taylor was referred to the United States Probation Department for a presentence investigation. Sentence will be imposed under the United States Sentence Guidelines according to the nature of the offense and the criminal background, if any, of the defendant. Under the terms of the plea agreement, the parties will recommend a sentence of no more than 6 months imprisonment, and a fine of no more than \$10,000. In addition, the defendant will be required to reimburse the Coast Guard for the expenses incurred in the search and rescue operation.

Mr. Morford commended the Coast Guard Investigative Service for its successful investigation in this case.



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January 7, 2005

**Date: January 7, 2005
Defendant: Ronald E. Bray, 50, of Rochester, MI
Event: Plea**

**Former COO of One of the Largest Professional Employer
Organization Pleads Guilty**

Ronald E. Bray, 50, of Rochester, who was one of two shareholders and former chief operating officer for, at one time, the fourth largest employee leasing corporation in the United States, pleaded guilty today before the Honorable Robert Cleland, to conspiring to defraud the United States by under-reporting and underpaying in federal employment taxes to the Internal Revenue Service, committing bank fraud, and committing theft or embezzlement from an Employee Benefit Plan, announced U.S. Attorney Craig Morford. Mr. Morford was joined in this announcement by Sandi Carter, Acting Special Agent in Charge of Internal Revenue Service Criminal Investigation, Daniel D. Roberts, Special Agent in Charge of Federal Bureau of Investigation, Robert McEvoy, Assistant Special Agent in Charge of Department of Labor, and Joseph Menez, Regional Director of the Department of Labor, Employee Benefit Security Administration.

According to court records, Mr. Bray, along with Dennis Lambka, 50, Shelby Township, Michigan, the former chief executive officer, were the two shareholders of Simplified Employment Services, Inc. (SES), headquartered in Auburn Hills, Michigan. On December 7, 2004, Mr. Lambka also pleaded guilty to the same conspiracy charge.

SES, at one time, claimed to be the largest privately held employment leasing corporation in the United States, claiming to have 39,000 work-site employees in at least 37 states. By the year 2000, SES, also known as a professional employer organization, or PEO, claimed to have generated nearly \$1 billion in annual revenue.

The company held itself out as an expert and national leader in matters of payroll administration and filing of payroll tax returns. SES assumed all payroll tax duties and responsibilities, including the filing of quarterly employment tax returns and the remitting of the employment taxes to the IRS, according to the Information.

According to court records, from 1997 through at least June 2001, Mr. Lambka and Mr. Bray conspired to under report and underpay more than \$51.7 million in federal employment taxes to the Internal Revenue Service through the related corporations of Design Administrative Resources Technologies, Inc. (DART), Employee Resource Management, Inc. (ERM), Professional Employee Team Enterprises, Inc. (PET Enterprises) and Elite Leasing, Inc. (Elite). During this time period, the disposition of funds included \$12.5 million in business acquisitions and over \$33 million in SES operating losses, among other payments.

Mr. Bray knowingly signed or caused to be signed a total of 7 false Form 941, Employer's Quarterly Federal Tax Returns, where the federal employment tax liability due was purposely understated, many times by millions of dollars per quarter. The objective was to avoid alerting the IRS to the multi-million dollar underpayment of Federal employment taxes.

According to court records, Mr. Lambka and Mr. Bray instructed and caused many of these fraudulent returns to be prepared and filed, only after SES was contacted in 1999 by the IRS as part of a civil inquiry. Moreover, two such fraudulent returns were filed after IRS Criminal Investigation agents executed a search warrant in April 2001 at SES' headquarters and informed Mr. Lambka that he was the subject of a criminal investigation.

Under a project known as "Dennis' Project" and/or the "Candy Project", Mr. Lambka ordered the altering and reversal of payroll data relating to numerous client companies who terminated their business relationship with SES. SES would make it appear that the client companies had been terminated on January 1st of the year, even though taxes and withholdings were collected throughout the year. SES would then reduce future payroll tax deposits to the IRS by an amount equal to the terminated employee payroll taxes and withholding previously collected. Mr. Bray participated in a meeting to discuss the procedural implementation of this scheme.

During 1998 through June 2001, Mr. Lambka and Mr. Bray, in an effort to keep SES as a viable company, knowingly executed a scheme to defraud Michigan National Bank, now known as Standard Federal Saving & Loan. They caused more than \$31 million to be

deposited into an SES' checking account at Michigan National Bank. These checks, which were drawn on accounts of numerous entities related to SES, were intended to conceal a shortfall in income. They were provided daily cash reports, indicating to what account checks had to be written to on any given day. Mr. Lambka and Mr. Bray were aware that funds sufficient to cover these checks were not available.

When Michigan National Bank froze the SES related accounts, in an effort to ascertain the nature and extent of the non-sufficient funds, they determined their resulting loss was more than \$31 million. In addition, from January to June 2001, Mr. Lambka and Mr. Bray embezzled in moneys, securities, and other assets more than \$5 million from SES' welfare benefit plan and \$1 million from SES' employee benefit plan, including their Savings & Investment Plan.

Under the terms of the plea agreement, Mr. Bray faces a statutory maximum penalty of five years imprisonment and \$250,000 fine. The court will determine at sentencing whether restitution will be order and in what amount.

Mr. Bray is scheduled to be sentence on April 14, 2005.

Mr. Morford commended the hard work by agents from the Internal Revenue Service Criminal Investigation, the Federal Bureau of Investigations, and the U.S. Department of Labor for their work in this investigation.



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January 14, 2005

DATE: January 14, 2005

EVENT: Guilty Verdict

DEFENDANT: CEIERE ARMON CAMPBELL, 30, of Detroit

DETROIT POLICE OFFICER CONVICTED OF

DRUG DISTRIBUTION

Today a federal jury convicted Detroit Police Officer Ceiere Armon Campbell, 30, of Detroit, of conspiracy to distribute crack cocaine and heroin and distribution of crack cocaine and heroin, both felony offenses with a maximum sentence of 20 years on each count.

The trial began January 10. Evidence introduced at trial proved that Campbell stole narcotics while working as a Detroit Police Officer and distributed them to drug users who agreed to be filmed using the drugs for Campbell's pay website, Streets Illustrated.com. Campbell's distribution of narcotics took place between June 2002, and May 22, 2003 in the City of Detroit.

U.S. District Judge Lawrence P. Zatkoff has not yet set a sentencing date.

The case was investigated by officers of the Detroit Police Department's Joint Investigative Task Force and Agents of the Federal Bureau of Investigation's Public Corruption Squad.

The Assistant U.S. Attorney who prosecuted the case was R. Michael Bullotta.



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January 18, 2005

EVENT: INDICTMENT

DEFENDANTS: 10 individuals from Ypsilanti

DATE: January 18, 2005

10 INDIVIDUALS FROM YPSILANTI CHARGED

WITH DRUG CONSPIRACY AND MURDER

Ten individuals were charged in an indictment, which was returned on January 13, 2005 and unsealed today, with conspiracy to violate federal controlled substance laws and seven of the defendants were charged with the September 23, 2001, murder of Seth Thompson, a resident of Ypsilanti, Michigan, announced United States Attorney Craig S. Morford, Special Agent in Charge Valerie J. Goddard, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and Sheriff Daniel J. Minzey, Washtenaw County Sheriff's Department.

Named in the indictment were Mario Taylor, 23, Antonio Taylor, 30, Carlos Taylor, 27, Michael Taylor, 28, Terrance Smith, 22, David Reynolds, 23, Elvin Walker, 24, Leon Roberts, 31, London Dottery, 23, and Greg Cheatham, 32, all life long residents of Ypsilanti.

The indictment alleges that the charged individuals conspired to run a drug organization which operated in the Ypsilanti area from 1998 through 2004. The drugs were purchased in Detroit and elsewhere and transported to the Ypsilanti area for sale and distribution. As part of the conspiracy, and in an effort to protect their profits, MARIO TAYLOR, ANTONIO TAYLOR, CARLOS TAYLOR, TERRANCE SMITH, DAVID REYNOLDS, LEON ROBERTS AND

LONDON DOTTERY were charged with killing Seth Thompson as a means of eliminating competition.

Antonio Taylor, Michael Taylor and David Reynolds, Leon Roberts all appeared today in federal court in Detroit and were temporarily detained pending a detention hearing which will be held tomorrow.

An indictment is only a charge and is not evidence of guilt. It will be the government's burden to prove guilt beyond a reasonable doubt.

This case was investigated by Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Washtenaw County Sheriff's Department.



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January 27, 2005

Event: Guilty Plea

**Defendants: Benjamin Benford II, 54, Southfield, Michigan
Leon Higging, 64, Detroit, Michigan**

Date: January 27, 2005

Two Individuals With Former Ties To River Rouge School District Plead Guilty

United States Attorney Craig S. Morford announced that two individuals once associated with the River Rouge School District entered a guilty pleas in federal court today before United States District Judge Victoria Roberts. Ex-Superintendent Benjamin Benford II, age 54, of Southfield, Michigan, pleaded guilty to Conspiracy to Interfere with Commerce by Extortion, and Leon Higgins, age 64, of Detroit, Michigan, pleaded guilty to Conspiracy to Commit Federal Program Theft.

With respect of Benjamin Benford, Mr. Morford stated that, "The information presented to the court at the time of the plea showed that between 1998 and 2002, the defendant was the Superintendent of the River Rouge School District and responsible for the annual evaluation of administrative employees. During that time period, Mr. Benford along with an administrative assistant, arranged for all administrative employees to pay him cash on Boss's Day, Christmas and his birthday. Depending upon the status of each employee, he/she would be expected to pay between \$30.00 and \$100.00 per event. Mr. Benford acknowledged that because of his position as Superintendent, his staff could reasonably believe that if the cash payments were not made, they might suffer some sort of economic harm."

Mr. Higgins, according to Morford, admitted in court that he had agreed with another

individual associated with River Rouge Schools to fraudulently bill the district for approximately \$160,000 worth of television equipment that was never supplied. Higgins was duly paid for the undelivered equipment, and he kept \$10,000 for himself, and delivered the remainder to the person with him he conspired to commit the offense.

The case was investigated by agents of the Federal Bureau of Investigation.



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FOR IMMEDIATE RELEASE:

January 31, 2005 – United States Attorney Craig S. Morford, Daniel D. Roberts, Special Agent in Charge, Federal Bureau of Investigation, and Maurice Aouate, Special Agent in Charge, Internal Revenue Service, announced that retired Macomb County sheriff deputy, Ronald Lupo, age 70, a resident of Shelby Township, Michigan, was sentenced today by United States District Court Judge Patrick J. Duggan to 80 months imprisonment. Mr. Lupo had previously been found guilty following a jury trial of one count of conspiracy to commit racketeering between 1990 and 2002 in Macomb County, conspiracy to commit extortion, and extortion. In addition, the court ordered Mr. Lupo to pay \$300,000.00 in restitution to the East Detroit Public Schools and the Clintondale Community Schools.

Assistant United States Attorney John Engstrom, who prosecuted the case, stated that "the evidence presented to the jury, and relied upon by the court in sentencing Mr. Lupo, established that Lupo conspired with the former Superintendent of the Clintondale Schools to extort cash and free home improvements from a construction manager, Hudson Construction, Inc., responsible for overseeing over \$50,000,000 in bond projects at the two districts. The government proved

approximately \$600,000 in cash payments to Lupo and Contesti between November 1994 and December 1998, as well as substantial home improvements.”

In a related hearing, last week Judge Duggan sentenced former East Detroit Public Schools’ Superintendent John Gardiner to 46 months imprisonment for his role in accepting bribe payments from Hudson Construction in return for favorable consideration within the District.

Mr. Morford commended the Federal Bureau of Investigation and the Internal Revenue Service for its investigation of this case which led to the successful prosecutions of Mr. Lupo and Dr. Gardiner.

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