



U.S. Department of Justice

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

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For Immediate Release:

Contact: Gina Balaya (313) 226-9193

Sep 5, 2006

EVENT: Sentencing

Defendant: Daniel J. Lin

**FIRST MAN CHARGED UNDER U.S. "CAN-SPAM" ACT
SENTENCED TO THREE YEARS IN PRISON**

The first person charged under "CAN-SPAM", the federal law that made certain kinds of fraudulent or unauthorized mass electronic mailings or "spamming" federal crimes, has been sentenced today in the United States District Court in Ann Arbor, Michigan, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Gregory Campbell, United States Postal Inspector in Charge, for the U.S. Postal Inspection Service.

Daniel J. Lin, 30, of West Bloomfield, was sentenced to 3 years in federal prison, followed by two years supervised release and ordered to pay a \$10,000 fine by United States District Court before Judge John Corbett O'Meara.

Lin pleaded guilty on January 17, 2006. The information presented to the court at the time of the plea showed that between January 2004 and August 2004, Daniel Lin and others developed a business to market and sell certain products, including weight loss patches, so

called “generic” viagra and cialis pills, and other products through the use of “spam” or bulk commercial electronic mail. Lin caused millions of e-mail messages advertising these products to be sent containing falsified header information, or by routing the messages through other computers without authorization. In carrying out this scheme, Lin and others caused the introduction into the United States of prescription medications from India, in packages that did not declare their true contents, and sold these drugs in the United States without a prescription as required by the Food and Drug Administration. The scheme made over \$ 350,000 in between January and April 2004, when Lin was arrested. At the time of the execution of the search warrant on Lin’s residence in West Bloomfield, Lin, a convicted felon, was in possession of two firearms.

“Internet fraudsters are going to have to face the fact that ‘spamming’ is a federal crime when it involves accessing the computers of innocent users without permission or using false return information,” said U.S Attorney Murphy. ‘Spammers’ who abuse the Internet to hawk unapproved prescription drugs, illegitimate pseudo-medical products, porn, or any other products should sit up and take notice: illegal spamming can land you in prison.”

Postal Inspector in Charge Campbell said, "The Postal Inspection Service's mission is to maintain the public's high confidence in the U.S. Mail by investigating those who would use the mail as part of a criminal enterprise. We are proud to have initiated the very first criminal prosecution under the new federal statute, commonly referred to as the "CAN-SPAM" act, which prohibits abusive and predatory email practices."

The case was prosecuted by First Assistant United States Attorney Terrence Berg and was investigated by Postal Inspector Karl A. Hansen.



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Sep 6, 2006

EVENT: Statement

Defendant: Louai Abdelhamied Othman et al

STATEMENT OF UNITED STATES ATTORNEY STEPHEN J. MURPHY

United States Attorney Stephen J. Murphy announced today that on Tuesday, September 5, 2006, after a preliminary examination lasting 4 hours, Magistrate Judge Charles E. Binder dismissed a complaint charging Louai Abdelhamied Othman, Adham Abdelhamid Othman, and Maruan Awad Muhareb with conspiracy to traffic in counterfeit goods and services, in violation of Title 18 U.S.C. §§ 371 and 2320 and money laundering, in violation of Title 18 U.S.C. § 1956. The defendants had been arrested by local authorities in Caro, Michigan in possession of approximately 1000 cell phones on August 11, 2006. Defendants had purchased 74 cell phones between 1:28 a.m. and 2:09 a.m. at the Wal-Mart in Caro, Michigan, in 24 separate purchases. The evidence presented at the Preliminary Exam included agent testimony that the accused men had stated that they were purchasing the cell phones so that they could sell them at a marked-up price to middle-men. The defendants further indicated that they were aware the phones were to be reprogrammed by third parties and sold overseas. Magistrate Binder did not issue a written opinion, but stated that the evidence did not show probable cause as to the existence of a conspiracy between the charged defendants and the persons responsible for reprogramming the cell phones.

Mr. Murphy stated: "We respect the judge's decision and the process. Investigation continues and the matter is under review at this time."



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Greg Palmore - ICE (313) 226-0726

Sep 7, 2006

EVENT: Sentencing

Defendant: Ernest Gagne

**CLINTON TOWNSHIP MAN SENTENCED
TO 10 YEARS ON CHILD PORN CHARGES**

A Clinton Township man was sentenced today to ten years in prison following his conviction on child pornography charges, announced United States Attorney Stephen J. Murphy.

Mr. Murphy was joined in the announcement by Brian M. Moskowitz, Special Agent in Charge of the ICE Office of Investigations in Detroit.

Ernest Gagne, 57, of Clinton Township, Michigan, was sentenced by U.S. District Judge Victoria Roberts to 120 months in prison followed by three years supervised release.

Gagne pleaded guilty in April of this year. The information presented to the court at the time of the plea showed that on or about November 25, 2003, Gagne possessed over 33,000 child pornography images on his computer. These images consisted of young and prepubescent male children posing nude and engaging in sexually explicit acts, alone or with other male children. Approximately 108 of the child pornography images were of prepubescent male children tied up or being tortured in a sexually explicit fashion. In addition, many of the child pornography images contained identifiers showing they were obtained from a

child pornography website on the Internet.

United States Attorney Murphy stated, "As I have said time and again during my term as United States Attorney, child sexual exploitation is among the most horrific crimes that we prosecute. Today's conviction provides evidence that while our innovative Child Safe Initiative is paying big dividends by incarcerating dangerous child predators, we still have a long way to go. The fact that any individual in society would possess 33,000 images of children involved in sexual activity is disturbing enough, but when coupled with the fact that the defendant had two prior convictions for child sexual exploitation offenses, this case calls out for the strongest possible sentence. The term of incarceration imposed by Judge Roberts today guarantees that defendant Gagne will spend many of his latter years in jail, unable to contribute to the hurt of any more children."

"Using ICE's expertise and authority to keep sexual predators away from Michigan's children is a special role that ICE will not turn away from" said Brian M. Moskowitz, Special Agent in Charge of the ICE Office of Investigations in Detroit. "The joint efforts of ICE and our county and local law enforcement partners in this investigation have made our community a safer place for our kids."

The investigation by ICE agents in Detroit revealed that Gagne was incarcerated in New Jersey for sexually assaulting a minor in the late 1990's. In 2001, Gagne received an additional one-year sentence after an arrest and conviction by the Utica Police Department for possession of child pornography. In January 2004, Gagne was sentenced by the State of Michigan to five additional years in prison for probation violations. Probation conditions placed on Gagne prohibited him from accessing computers and the Internet. Execution of search warrants in November 2003 concluded that Gagne had been accessing child pornography, in violation of his probation.

This case is part of the Project Safe Childhood, a Department of Justice initiative aimed at preventing the abuse and exploitation of children through the Internet

ICE encourages the public to report suspected child predators and any suspicious activity through its toll-free hotline at 1-866-DHS-2ICE. Investigators staff this hotline around the clock. Suspected child sexual exploitation or missing children may be reported to the National Center for Missing & Exploited Children, an Operation Predator partner, at 1-800-843-

5678 or <http://www.cybertipline.com>.

Assistant U.S. Attorney Frances Carlson, Eastern District of Michigan prosecuted this case.



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Sep 7, 2006

EVENT: Guilty Plea

Defendant: John J. Gdyra

COMERICA BANK ASSISTANT BRANCH MANAGER

PLEADS GUILTY TO EMBEZZLEMENT FROM ELDERLY AND DECEASED VICTIMS

A 49-year-old Roseville man who took over \$360,000 from bank accounts belonging to his elderly and deceased clients pled guilty in federal court today, United States Attorney Stephen J. Murphy announced. Joining in the announcement was FBI Special Agent-In-Charge Daniel D. Roberts.

John J. Gdyra, a Comerica Bank personal banker and assistant branch manager, pled guilty to one felony count of embezzlement by a bank employee 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: (i) George and Oma Elliston, (ii) Domenico and Rosario Manzella; (iii) Friedrich and Katharina Gauer; (iv) Julian and Delphine (Roberts) Kudzborski; (v) Walter and Antonia Rudniski; and (vi) Kenneth and Catherine Galbraith. 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 Friedrich Gauer, was 73 years old; the oldest victim, Julian Kudzborski, was 92 years old. Gdyra also apparently targeted couples where one spouse had recently passed away. Specifically, (i) after Oma Elliston died on June 13, 2005, funds began to be depleted from the Elliston's CD and IRA accounts in July 2005; (ii) after Kenneth Galbraith died on July 20, 2005, funds began to be depleted from the Galbraith's CD and IRA accounts in November 2005; (iii) after Delphine (Roberts) Kudzborski died on August 3, 2004, funds began to be depleted from the Kudzborski's CD accounts in September 2004.

“Bank customers, particularly the elderly, are truly at the mercy of a corrupt bank manager. When a trusted financial advisor preys on his most vulnerable clients, he can expect the federal law enforcement response to come down like a ton of bricks,” United States Attorney Murphy said. “I salute the FBI for their excellent work on this case.”

Bank embezzlement is punishable by a maximum sentence of 30 years imprisonment and a fine of up to \$1 million dollars. A plea agreement signed by the defendant calls for a term of imprisonment of 33-41 months and full restitution. Sentencing is scheduled for December 6, 2006, at 2:00 p.m.

The case is being prosecuted by Assistant United States Attorney Leonid Feller.



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Sep 12, 2006

EVENT: Guilty Plea

Defendant: Gary Lee Dailey Jr.

DETROIT MAN PLEADS GUILTY TO FIVE BANK ROBBERIES

A 29-year-old Detroit man who robbed five banks in a three-week span pled guilty in federal court today, United States Attorney Stephen J. Murphy announced. Joining in the announcement was FBI Special Agent-In-Charge Daniel D. Roberts.

Gary Lee Dailey Jr. pled guilty to five counts of bank robbery before United States District Judge Robert H. Cleland. Dailey admitted that he stole more than \$9,000 from the following banks:

May 6, 2006 – LaSalle Bank, 3825 Carpenter Rd., Ypsilanti, Michigan – \$2,500;

May 15, 2006 – LaSalle Bank, 2250 W. Michigan Ave., Ypsilanti, Michigan – \$3,458

May 23, 2006 – LaSalle Bank, 25230 Michigan Ave., Dearborn, Michigan – \$881

May 26, 2006 – TCF Bank, 26838 Plymouth Rd., Redford Township, Michigan – \$746

May 30, 2006 – Charter One Bank, 751 E. Big Beaver Rd., Troy, Michigan – \$1,727

In each robbery, Dailey entered the bank wearing a baseball cap and gave a teller a note demanding money and threatening that he had a gun.

“By engaging in a month-long crime spree of bank robberies, this defendant’s conduct put bank employees, guards, and customers at risk. This guilty plea brings the defendant’s criminal career to a definite, and – let’s hope – permanent close.” United States Attorney Murphy said.

Bank robbery is punishable by a maximum sentence of 20 years imprisonment and a fine of up to \$250,000. A plea agreement signed by the defendant calls for a term of imprisonment of 151-188 months imprisonment and full restitution. Sentencing is scheduled for December 12, 2006, at 2:00 pm.

The case is being prosecuted by Assistant United States Attorney Leonid Feller.



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Sep 14, 2006

EVENT: Guilty Verdict

Defendant: Kenneth Heath

**SHELBY TOWNSHIP MAN CONVICTED
ON TAX EVASION CHARGES**

A 69-year-old Shelby Township man was found guilty today by a federal jury in Detroit of four counts of tax evasion and one count of attempting to pass a fictitious financial instrument, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by IRS Special Agent in Charge Maurice Aouate.

Found guilty was Kenneth Heath, a self-proclaimed follower of nationally-known convicted tax protester Irwin Schiff. Heath was convicted of avoiding the payment of more than \$37,000 after failing to file tax returns or pay any taxes in 1999, 2000, 2001 and 2002.

The jury deliberated for less than three hours before returning the verdict, concluding a three-day trial before United States District Judge George Caram Steeh.

During the trial, Heath testified that after reading a book by Schiff, who was sent to

prison earlier this year after his fourth tax evasion conviction, called “The Federal Mafia” he became convinced that he did not have a legal obligation to pay federal income taxes.

The evidence at trial showed that Heath filed W-4 forms with his employers claiming he was “exempt” from having to pay federal income taxes so that no withholding taxes were taken out of his paychecks.

In addition to his conviction on four counts of felony tax evasion, Heath was also convicted of the fictitious instruments charge after he admitted sending a realistic-looking “Registered Bill of Exchange” to the IRS for \$88,000 in hopes the agency would wipe out his tax debt. An expert witness for the government testified at trial that there is no such thing as a “Registered Bill of Exchange.”

“Those who choose to follow the tax protester movement and its long-refuted claims that the federal income tax is voluntary, must realize that no one is exempt from paying taxes or following federal tax laws,” United States Attorney Murphy said. “This verdict should put tax protesters on notice that if you fail to pay your share you should expect to be prosecuted and punished.”

“The court’s have consistently and unanimously held that it is absolutely and completely wrong to attempt these frivolous tax arguments and drop out of the tax system. Those who continue to disregard the obvious – that everyone must pay their fair share of taxes – may face costly detours in their life”, stated SAC Aouate.

Murphy commended the two-year long investigation of special agents from the IRS Criminal Investigation Division.

Sentencing was scheduled for December 14, 2006. Heath faces a maximum sentence of five years imprisonment on the tax evasion charges and 10 years in prison on the passing fictitious financial instruments charge.

The case was prosecuted by Assistant U.S. Attorneys Sarah Resnick Cohen and James Mitzelfeld.



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Sep 20,2006

EVENT: Guilty Plea

Defendant: Karim Hassan Nasser

WINDSOR MAN PLEADS GUILTY TO RACKETEERING

Karim Hassan Nasser, 36, of Windsor, Ontario, 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.

Nasser pleaded guilty in United States District Court before the Honorable Gerald E. Rosen, United States District Judge. The indictment charged Nasser 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. Nasser faces maximum penalties of 20 years in prison and a \$250,000 fine. Co-defendants Youssef Bakri, Imad Hamadeh and Theodore Schenk have already 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 – such as Hizballah – we will use all of the legal tools available to us to disrupt 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.

"ATF's mission focuses on the elimination of terrorist organizations by identifying, investigating and arresting offenders who traffic in contraband cigarettes, and to divest these organizations of monies derived from this illicit activity," states Valerie J. Goddard. "We have shut down the illegal funding of a terrorist organization in this case," she added.

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: 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 guilty 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 Bureau of 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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Sep 26, 2006

EVENT: Sentencing

Defendant: Walter R. Mabry et al (MRCC)

**TWO UNION OFFICIALS SENTENCED TODAY ON CHARGES
OF SOLICITING AND RECEIVING PROHIBITED PAYMENTS
IN VIOLATION OF THE TAFT-HARTLEY ACT**

Two top union officers (one current and one former) from southeastern Michigan were sentenced to terms of imprisonment today on charges of conspiring to solicit and receive and receiving prohibited payments in the form of discounts from a number of construction companies whose employees were represented by the Michigan Regional Council of Carpenters (MRCC), a labor organization based in Detroit, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by FBI Special Agent in Charge Daniel D. Roberts, of the Detroit Division, and James Vanderberg, Special Agent in Charge, Department of Labor, Office of Inspector General.

Sentenced today by United States District Judge Bernard A. Friedman were:

Walter Ralph Mabry, 61, of Grosse Pointe Park, to 24 months in federal prison, and a \$50,000.00 fine. A three-year term of supervised release to follow the term of imprisonment was also imposed by the Court. At the time of the offenses (and continuously up through today), Mabry was employed as the Executive Secretary-Treasurer of the Michigan Regional Council of Carpenters ("MRCC"), the highest position in the state-wide union; and

Anthony Michael, 64, of Macomb, to 12 months and one day in federal prison, and a fine of \$3,000.00. A two-year term of supervised release to follow the term of imprisonment was also imposed by the Court. At the time of the offenses, Michael was employed as the President and Executive Director of the MRCC, and held the second highest position in the union.

United States Attorney Stephen J. Murphy said, "Union officials, like public servants, cannot be allowed to use their position of trust to workout sweetheart deals or unearned benefits of any kind. Protecting against abuses by responsible officials is central to the enforcement of our country's historic laws regulating labor and they make up a significant element of my office's federal law enforcement mission, of which this case is a fine example."

Mabry and Michael were found guilty on February 27, 2006, after jury trial, of the offenses of receiving a prohibited payment and conspiracy to solicit and receive prohibited payments. The evidence presented at trial showed that between approximately January 1998 and December 1999, Mabry and Michael, using their union positions, conspired to solicit and obtain extraordinary discounts (that is, discounts beyond those typically given to customers) on building materials, labor, and related costs, from a number of area construction companies whose employees were members of the union, in order to reduce the cost to Mabry of constructing a new personal residence in Grosse Pointe Park, Michigan. The evidence also established that they

had engaged in the actual solicitation and receipt of a prohibited payment (discount) from one of the companies, the Nelson-Mill Company.

After sentencing, Judge Friedman ordered both Mabry and Michael to be released on bond pending appeal of their convictions and sentences.

Murphy commended the work of the agents of the Federal Bureau of Investigation and the United States Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations. The case was prosecuted by Assistant U.S. Attorneys Walter I. Kozar and David E. Morris.



Department of Justice

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

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 26, 2006

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SEVEN INDIVIDUALS CHARGED WITH FEMA FRAUD IN CONNECTION WITH HURRICANE KATRINA

DETROIT, MI. – Seven individuals appeared before a United States Magistrate Judge today on three criminal complaints charging them with various fraud offenses related to their participation in filing for and receiving assistance from the Federal Emergency Management Agency (FEMA) in connection to Hurricane Katrina, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Gregory Campbell, United States Postal Inspector in Charge, United States Postal Service.

Named in the complaint were Patricia A. Hubbard, 48, of Bude, Mississippi, Andrea J. Johnson Reason, 53, of Bloomington, Indiana, Pamela L. Reason, 45, of Detroit, MI, Krystal P. Hubbard, 23, of Southfield, MI, Dwight V. Reason, 35, of Bloomington, Indiana, Curtistine Ingram, 52, of Detroit, MI and Krystal J. Young, 21, of Detroit, MI.

The supporting affidavit alleges that Patricia Hubbard, Andrea Reason, Pamela Reason, Curtistine Ingram and Dwight Reason conspired to obtain benefits from FEMA totaling \$13,074 based upon applications that contained false and fraudulent representations for FEMA assistance in connection to Hurricane Katrina. Specifically, the affidavit alleges that defendants Patricia Hubbard and Andrea Reason worked together to provide addresses in the Hurricane Katrina affected area to the other co-defendants who reside in Detroit, Michigan and Bloomington, Indiana. None of the defendants lived in the Gulf Coast area nor had suffered any loss due to the hurricane and were therefore not eligible for FEMA benefits. The defendants used the money they received to purchase items such as clothes, cars and in some instances drugs.

Krystal J. Young was also charged in a complaint with mail fraud in connection with an application submitted to FEMA for assistance in connection with Hurricane Katrina. Like the other defendants, Young never lived in the New Orleans or Louisiana area and had not suffered any loss due to the hurricane. Young received two checks totaling approximately \$12,749.51 which she used to purchase a car and for living expenses.

Krystal Hubbard was also charged in a complaint with wire fraud in connection with an application submitted to FEMA for benefits in connection with Hurricane Katrina. Like the others, Hubbard never lived in the effect areas. Hubbard received \$2,000.

United States Attorney Murphy stated that, "The Department of Justice has signaled that those who fraudulently benefit from the tragedy of Hurricane Katrina -- be it in New Orleans, La., or Detroit, Michigan -- will be prosecuted to the full extent of the law. Today's charges evidence my office's full support of that prosecution effort. Scam artists who steal federal Katrina relief funds to satisfy their greed not only defraud the American taxpayer, they also re-injure the real victims of the hurricane's tragic devastation by unlawfully taking money intended to help those in need. I applaud the excellent work of the Postal Inspection Service which led to this case and the strong efforts of the AUSAs who prosecuted it."

Postal Inspector Campbell stated that, "The mission of the United States Postal Inspection Service is to protect the U.S. Postal Service, its employees and its customers from criminal attack, and protect the nation's mail system from criminal misuse. Post Hurricane Katrina, the Inspection Service has conducted more than 100 criminal investigations across the country yielding approximately 98 indictments, 103 arrests, 73 convictions and 13 defendants sentenced."

All defendants appeared in federal court this afternoon and were released on an unsecured bond. Their preliminary examinations are scheduled for 1 p.m. October 16, 2006.

A conviction for the offense of conspiracy carries a maximum penalty of 5 years years in prison or a \$250,000 fine, or both. A conviction for the offenses of wire fraud and mail fraud each carries a maximum penalty of 20 years in prison and or a \$250,000.00 fine. 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 defendants.

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 United States Postal Inspection Service.

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