



U.S. Department of Justice

*United States Attorney
District of Idaho*

THOMAS E. MOSS, United States Attorney
MARC HAWS, First Assistant United States Attorney
RAFAEL M. GONZALEZ, Criminal Chief
NICHOLAS J. WOYCHICK, Civil Chief

*Washington Group Plaza IV
800 Park Blvd., Suite 600
Boise ID 83712
(208) 334-1211*

NEWS RELEASE

**FOR IMMEDIATE RELEASE
ON APRIL 25, 2006**

**CONTACT: JEAN McNEIL
Public Information Officer
GEORGE BREITSAMETER
Assistant United States Attorney
(208) 334-1211**

POST FALLS MAN SENTENCED FOR STEALING FROM COMPANY, EMPLOYEE PENSION PLAN

A financial planner from Post Falls who lost a quarter of a million dollars in a Nigerian scam has been sentenced for stealing much of the money he lost from the company he worked for and the company's pension plan.

James C. Stone was sentenced in U.S. District Court in Coeur d'Alene yesterday to three years in federal prison for embezzling more than \$46,000 from the pension fund and almost \$100,000 from the company, Alpha Health Services, Inc. U.S. District Judge Edward J. Lodge also ordered Stone to repay \$99,081.85 to the company and \$71,466.42, including interest, to the pension plan.

Alpha Health Services, which no longer exists, provided group and nursing home services to disabled adults in north Idaho.

Stone was the president of Alpha and the trustee for its Employee Stock Ownership Plan in December 2001, when he got a FAX offering him \$4.4 million if he helped move \$22 million to an off-shore bank account. The sender claimed to be an employee of the Nigerian government worried about his government's corruption.

-more-

Stone bit on the scam, traveling to Madrid to sign papers and paying a \$6500 "tax" to open the

vault. What he saw were two trunks stuffed with \$100 bills marked “CBN,” which he was told stood for the Central Bank of Nigeria. The money couldn’t be transferred, the scammers said, until the bills were washed with chemicals.

Over the next three months, Stone made three more trips to Spain and paid more than \$100,000 for chemicals to wash the money. Finally, he was told that the money had been washed and the transfer made. When he tried to withdraw his “commission,” however, he could get nowhere. At that point, Stone went to the authorities. He did not tell them, however, that much of the money he had lost had been stolen from Alpha and its pension plan.

The Secret Service arranged for Stone to return to Spain to meet his contact, “Carlos.” Carlos didn’t show up, and investigators started looking into the sources of the money Stone had lost. That investigation led to federal charges, a guilty plea, and today’s sentencing.

Stone admitted misappropriating money and falsifying a receipt to make it appear the money was invested on behalf of Alpha’s pension plan. He was also sentenced for using Alpha funds to buy human growth hormone supplements, jewelry and a master’s degree from a diploma mill, and having Alpha’s bookkeeper record the charges as legitimate business expenses.

“There are two messages here,” U.S. Attorney Tom Moss said. “The first is to beware of scams; the best rule to follow is that if it sounds too good to be true, it probably is. The second message is that we take theft from companies and from their pension plans extremely seriously. Stealing from the pension plan was like stealing from the employee’s wallets, and Mr. Stone will pay an appropriately serious penalty.”

Moss praised the investigation, conducted by the Seattle offices of the U.S. Department of Labor’s Employee Benefits Security Administration and the Office of the Inspector General.
