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D.C. WOMAN SENTENCED FOR CONSPIRACY AND RECEIPT OF MORE THAN $430,000 IN STOLEN FEDERAL RETIREMENT PAYMENTS

Greenbelt, Maryland – Allen F. Loucks, United States Attorney for the District of Maryland, announces that today U.S. District Court Judge Peter J. Messitte sentenced Marjorie A. McGaha, age 61, of Washington, DC, to 24 months in prison followed by three years of supervised release in connection with receiving more than $430,000 in survivor's annuity payments stolen from the Civil Service Retirement Trust Fund. McGaha became the seventeenth – and final – person to be sentenced in connection with a six-year scheme that involved the payment of almost $4 million in fraudulent federal benefits.

According to the agreed statement of facts, McGaha conspired with two former Office of Personnel Management employees who previously pleaded guilty – Agatha Malloy of Indian Head, Maryland and Anita Cary of Suitland, Maryland – to defraud the United States, receive stolen government funds, and pay bribes to government employees. In March 1978, McGaha, then 34, entered into a common law marriage with a 78-year-old retired federal employee, who died less than five months later of cancer. McGaha sought an annuity as the survivor of a federal retiree but was not eligible under federal statutes and OPM rules because her common law husband never designated her as a beneficiary and because the common law marriage had lasted less than a year.

McGaha repeatedly asked OPM to reconsider its ruling, but each time OPM determined that she was not eligible for a survivor's annuity. In mid-1997, McGaha discussed her situation with Malloy and Cary, who had already begun handing out benefits to ineligible individuals in exchange for a share of the funds. In July 1997, Malloy and Cary fraudulently gave McGaha a monthly survivor's annuity and gave her retroactive annuity payments dating back to 1978. Between late 1997 and late 2002, Malloy and Cary generated additional fraudulent lump sum payments. When the payments were credited to McGaha's account, she withdrew large quantities of cash and paid the money to Cary and Malloy. McGaha would request additional payments by asking Cary if "there was anything left in the cookie jar." Net payments to McGaha after withholding and payment of taxes totaled $430,312.02. She paid approximately $170,000 in kickbacks to Malloy and Cary.

During the sentencing, Judge Messitte rejected McGaha's request for a suspended sentence involving community service, stating that "the defendant understood from the beginning that this was a fraud" and that her "deception continued over a number of years." He added: "This kind of activity is absolutely unacceptable," because McGaha was one of the largest beneficiaries of "serious theft, stealing money of the government and of the taxpayers of the government." The court ordered McGaha to surrender for service of her sentence on June30, 2005.

Malloy has been sentenced to 10 years imprisonment and Cary received a five-year sentence. Other defendants have received sentences ranging from two years imprisonment to probation, depending largely on the amount of funds each defendant fraudulently received.

This case was investigated by the Federal Bureau of Investigation and OPM, Office of the Inspector General. The McGaha case was prosecuted by Assistant United States Attorneys Stuart A. Berman and Michael R. Pauzé. Assistant United States Attorney Barbara S. Skalla also participated in the investigation of McGaha and the prosecution of Malloy, Cary and others.