



Department of Justice

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FOR IMMEDIATE RELEASE
Wednesday, September 26, 2007
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FLAGSHIP HOTEL OWNER PLEADS GUILTY TO FILING FALSE CLAIM WITH FEMA HOTEL PROGRAM

(GALVESTON, Texas) — The principal owner of Flagship Hotel Ltd. has pleaded guilty to filing a false claim with FEMA's Short Term Lodging Program, United States Attorney Don DeGabrielle announced today.

At the hearing before U. S. Magistrate Judge John Froeschner in Galveston this afternoon, Daniel Yeh, 54, pleaded guilty to filing a false claim with the government. Because the plea is to a felony charge, Froeschner will be preparing a report to the District Court recommending Yeh's plea be accepted. Upon acceptance by the district court, Yeh will stand convicted and faces a maximum punishment of five years in prison without parole and a fine of up to \$250,000 at sentencing. Froeschner set Yeh's sentencing for Feb. 1, 2008.

Today, Yeh admitted he submitted a false claim to FEMA's Short Term Lodging Program, seeking payment for Room 701 at the Flagship from Oct. 28 through Nov. 11, 2005. Based on this claim, FEMA paid the Flagship \$1,189.86. Federal agents interviewed the individual whose name was listed on the claims as the occupant of the room. According to the individual, a contractor who submitted bids in 2004 and 2005 for remodeling jobs at the Flagship and another hotel with which Yeh is associated, he did not have a room at the Flagship during that time.

FEMA created the Short Term Lodging Program to provide free hotel rooms to Hurricane Katrina and Rita evacuees. At today's hearing, Yeh also admitted that after Rita, he told a hotel employee who normally handled billing matters that he would take over billing the FEMA program. Yeh then directed another hotel employee to fax the hotel's daily report, a list showing which guests are checked into which rooms, to Yeh's home each evening. Yeh submitted the reimbursement claims through the internet from home using his laptop computer. In early October 2005, Yeh provided a desk clerk with approximately 30 names to enter into the hotel reservation system at the "FEMA rate" of \$84.99/night. Yeh then went to the hotel and picked up the room cards created for these individuals rooms. Yeh began billing FEMA for rooms in the names of these individuals even though they had not checked into the hotel. Investigation revealed a number of these individuals were relatives and friends of Yeh's who were not hurricane evacuees and that Yeh also billed FEMA for rooms in the names of hotel employees.

The investigation into the Flagship for fraudulent billing began when federal agents

received a tip stating hotel records showed full occupancy, when, in fact, a significant number of rooms were unoccupied. The investigation led to the execution of a federal search warrant at the hotel and Yeh's residence in December 2005. In the days following execution of the warrants, Yeh returned approximately \$232,000 to the government based on his calculations of the number of rooms he had charged to FEMA in the names of friends, relatives and hotel employees.

In a Sept. 27, 2006 order, Yeh had been ruled incompetent based upon a doctor's report indicating the effects of brain tumors Yeh had removed. After the initial ruling, Yeh was ordered committed to the Federal Medical Facility at Butner, N.C., where he was examined. Doctors at Butner found that Yeh was competent to stand trial. Today, relying on the Butner report and Yeh's responses to a litany of questions asked by the court, Judge Froeschner ruled Yeh was mentally competent to enter the guilty plea.

This case was investigated by Department of Homeland Security Office of Inspector General with assistance from the U. S. Secret Service. The case is being prosecuted by Assistant United States Attorneys Gregg Costa and Jason Varnado.

The United States Attorney's Office for the Southern District of Texas is a member of the Department of Justice's Hurricane Katrina Fraud Task Force, created by Attorney General Alberto R. Gonzales to deter, detect and prosecute unscrupulous individuals who try to take advantage of the Hurricane Katrina and Rita disasters. Headed by Assistant Attorney General Alice S. Fisher, the Task Force is comprised of federal, state and local law enforcement investigating agencies and the United States Attorney's Offices in the Gulf Coast region and nationwide.

Anyone suspecting criminal activity involving disaster assistance programs can make an anonymous report by calling the toll-free Hurricane Relief Fraud Hotline, 1-866-720-5721, 24 hours a day, seven days a week until further notice. Information can also be emailed to the inspector general at dhsoghline@dhs.gov or sent by surface mail, with as many details as possible, to Department of Homeland Security, Attn: Office of Inspector General, Hotline, Washington, DC., 20528.

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