



U.S. Department of Justice

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Apr 4, 2007

EVENT: Guilty Plea

Defendant: Natalia Odish

ROCHESTER HILLS WOMAN PLEADS GUILTY TO HOAX

A Rochester Hills woman pleaded guilty today in federal court in Detroit to charges of making false statements to federal agents, United States Attorney Stephen J. Murphy announced today. U.S. Attorney Murphy was joined in the announcement by Andrew G. Arena, Special Agent in Charge, Federal Bureau of Investigation.

Pleading guilty was Natalia Odish, 33, of Rochester Hills, Michigan.

The facts presented to the court at the time of the plea established that in April of 2005, agents of the Federal Bureau of Investigation were investigating a recorded telephone message that had been left at the British Petroleum Oil Refinery in Oregon, Ohio. The message stated that certain employees were "plotting some very bad terrorist activities towards the refinery." When questioned by FBI agents, Odish said that she did not leave the message, when in fact, she did leave the message.

"False reports of terrorism activity drain vital resources away from investigations of real threats, and therefore weaken the security of all. We will aggressively prosecute such hoaxes,

particularly when false allegations are made that appear to target members of the Middle Eastern community, as in this case," United States Attorney Murphy said.

Sentencing of Odish is currently set for August 27, 2007 at 2:00 pm before U.S. District Judge Victoria Roberts.

The case was investigated by special agents of the FBI.



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Apr 3, 2007

EVENT: Sentencing

Defendant: Salah Rashem et al

SENTENCE IN U. S. / CANADIAN ALIEN SMUGGLING PROSECUTION

United States Attorney Stephen J. Murphy announced that Roko Berisic, 32, of Shelby Township, Michigan was sentenced today in federal court in Detroit to 12 months imprisonment for Conspiracy to Smuggle Illegal Aliens into the United States and to Harbor and Transport Illegal Aliens Within the United States. The sentence was handed down by United States District Judge Paul D. Borman.

Berisic was charged with seventeen other defendants originally unsealed on February 14, 2006 simultaneously with a joint U.S./Canadian take down of the alien smuggling organization. Berisic pleaded guilty to the conspiracy on September 6, 2006. Ten other co-conspirators were previously convicted and sentenced in the United States:

Duke Lumaj, 34, of West Bloomfield, Michigan
Kathleen Voneitzen, 49, of Vicksburg, Michigan
Han Huang, 44, of Albion, Michigan
Nosh Gojcaj, 35, of Macomb, Michigan

Hoa Ly, 43, of Macomb, Michigan
Bianca Gagliano, 25, of Windsor, Ontario
Dod Martini, 41, of Macomb, Michigan
Gui Liang Lin, 45, of Toronto, Ontario
Melanie Franquist, 26, of Wallaceburg, Ontario
Salah Rashem, 45, of Rockford, Illinois

United States Attorney Stephen J. Murphy was joined in the announcement by Brian M. Moskowitz, Special Agent in Charge, U.S. Immigration and Customs Enforcement.

Also charged in the Indictment, but not yet apprehended by U.S. authorities, are: Maitham Aziz Alzehrani, 34, of Windsor, Ontario; Kola Bajraktari, 34, of Windsor, Ontario; Fran Gashaj, 40, of Windsor, Ontario; Zef Shpati, 40, of Windsor, Ontario; Kai Zheng You, 40, of Toronto, Ontario; Duke Bracaj, 36, of Windsor, Ontario. Colin Price, 40, of Windsor, Ontario jumped bond and fled the country after being arraigned in the United States. The Canadian-based defendants will first answer related Canadian charges before facing possible extradition to the United States.

The charges were based upon the interdiction of at least 78 illegal aliens smuggled into the United States by the organization and the more than 2,000 incriminating telephone conversations, in four different languages, intercepted by the Royal Canadian Mounted Police (RCMP) during the latter part of 2005. Investigators estimate that the conspiracy was responsible for approximately 75% of all aliens smuggled into the State of Michigan from Ontario, Canada during the past several years, certainly numbering in the hundreds. Alien smuggling into Michigan from Ontario has slowed significantly since the joint U.S./Canada take down on February 14, 2006. This and other organizations like it posed, and continue to pose, a threat to the national security of both the United States and Canada given the willingness to smuggle anyone across international borders for a price.

“Today's sentence highlights the fact that human trafficking is one of the worst criminal acts that one person can commit against another. Those who smuggle human beings across international borders for profit engage in dehumanizing acts of criminality. Anyone who wants to make money by smuggling human beings in deplorable conditions must realize that they will

be met with a united international front of law enforcement agencies dedicated to stopping them and putting them in jail. Moreover, the sentence imposed today provides yet another fine example of effective joint U.S. and Canadian criminal enforcement that serves as a warning to all human traffickers: smuggle human beings for profit and you will do a significant amount of hard time." said United States Attorney Murphy.

"Alien smuggling organizations are driven by greed with little regard to the health, well being, dignity, or motivation of their human cargo," said Brian M. Moskowitz, Special Agent in Charge, of U.S. Immigration and Customs Enforcement in Detroit. "Attacking and dismantling these criminal groups is critical to securing our borders and ensuring compliance with our immigration and customs laws. Smugglers should understand that we will not tolerate nor allow the U.S. Canada border to be used as an opportunity for them to profit from their crimes - rather we will use our shared border as an opportunity for our nations to work together to bring them justice."

In announcing the sentences, United States Attorney Stephen J. Murphy commended the work of the Special Agents of the Bureau of Immigration and Customs Enforcement, the U.S. Border Patrol, and the RCMP which conducted the investigation. Members of the Integrated Border Enforcement Team (IBET) were also involved in coordinating this transnational effort. The prosecution was handled by Assistant United States Attorney Kenneth R. Chadwell, the U.S. Attorney's Office Anti-Terrorism Immigration Coordinator.



Department of Justice

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FOR IMMEDIATE RELEASE
TUESDAY, APRIL 3, 2007

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U.S. GOVERNMENT SUES JACKSON HEWITT TAX PREPARATION FRANCHISES IN FOUR STATES, ALLEGING PERVASIVE FRAUD

***Suits Allege More Than \$70 Million in Losses to the U.S. Treasury;
Seek to Bar Firms From Preparing Returns***

WASHINGTON - The United States has filed civil injunction suits against five corporations that operate Jackson Hewitt tax preparation franchises, as well as 24 individuals who manage or work at the franchises, the Justice Department and the Internal Revenue Service (IRS) announced today. According to the four lawsuits—filed in federal courts in Chicago, Atlanta, Detroit and Raleigh, N.C.—the corporations operate under franchise agreements with Jackson Hewitt Tax Services Inc. of Parsippany, N.J., the nation's second largest tax preparation firm.

United States Attorney Stephen J. Murphy said "Today's action aims to halt a situation where apparently the foxes were guarding the hen house, in that five tax preparation franchises and their professional tax preparers are being sued by the Department of Justice for actually facilitating and encouraging tax fraud by their customers. Citizens who bring their tax returns to a specialist, seeking assistance, should be able to trust that they are getting accurate advice about taxes, not being delivered into the hands of an expert in fraud."

The suits allege that one of the individual defendants, Farrukh Sohail of Atlanta, Ga., wholly or partly owns each of the five corporations, which prepared and filed over 105,000 federal income tax returns last year. The five corporations allegedly operate more than 125 Jackson Hewitt retail tax preparation stores in the Chicago, Atlanta, Detroit and Raleigh-Durham, N.C. areas.

According to the government complaint, Sohail and other defendants "created and fostered a business environment" at the Jackson Hewitt franchises "in which fraudulent tax return preparation is encouraged and flourishes." Examples of fraud alleged in the lawsuits include filing false returns claiming refunds based on phony W-2 forms; using fabricated businesses and business expenses on returns to claim bogus deductions; claiming fuel tax credits in absurd amounts for customers clearly not entitled to any credits; and massive fraud related to claiming the federal earned income tax credit.

One complaint cites a Jackson Hewitt franchise customer whose Jackson Hewitt-prepared tax return claimed he was a barber who was entitled to a fuel tax credit for buying 25,000 gallons of gasoline for off-highway business use. The complaint alleges the customer would have had to drive 1,370 miles each day, seven days a week, to consume that much fuel in one year, leaving little if any time to cut hair. Last December, the Justice Department sued a Miami tax preparer alleging similar fraudulent claims of the fuel tax credit. <http://www.usdoj.gov/tax/txdv06860.htm>. In July 2006, a federal court in Miami enjoined a large Jackson Hewitt franchise from asserting frivolous positions on tax returns. Details on that case are available at <http://www.usdoj.gov/tax/txdv06429.htm>.

The suits further allege that some of the Jackson Hewitt franchises' managers and employees received kickbacks from customers for helping the customers file fraudulent tax returns. The suits further allege more than \$70 million in combined losses to the U.S. Treasury, and seek court orders barring the franchises and other defendants from preparing tax returns for others.

"Preparing federal income tax returns based on falsehoods and fabrications is a serious violation of the law," said Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division. "The Justice Department and Internal Revenue Service are working vigorously to put a stop to these activities."

"When practitioners prepare a false tax return, it has a corrosive impact on the tax system," said IRS Commissioner Mark W. Everson. "I am deeply disturbed by the allegation that a major franchisee of the nation's second-largest tax preparation firm is intentionally preparing improper tax returns with inflated refunds. I'm particularly concerned that many taxpayers of modest means could actually end up owing the government thousands of dollars if they claimed an improper refund."

Fraudulent returns with false W-2 forms are first on the IRS's list of the "Dirty Dozen" tax scams posted at <http://www.irs.gov/newsroom/article/0,,id=154293,00.html>.

The five Jackson Hewitt franchises named in the four suits are:

- Chicago Suit: Smart Tax, Inc., d/b/a Jackson Hewitt Tax Service; Ask Tax, Inc., d/b/a Jackson Hewitt Tax Service;
- Atlanta Suit: Smart Tax of Georgia, Inc., d/b/a Jackson Hewitt Tax Service;
- Detroit Suit: So Far, Inc., d/b/a Jackson Hewitt Tax Service; and
- Raleigh Suit: Smart Tax of North Carolina, Inc., d/b/a Jackson Hewitt Tax Service

Since 2001, the Justice Department's Tax Division has obtained more than 230 injunctions to stop the promotion of tax fraud schemes and the preparation of fraudulent

returns.

More information about the Justice Department's efforts to stop tax scams can be found at <http://www.usdoj.gov/tax/taxpress2007.htm>. Information about the Justice Department's Tax Division can be found at <http://www.usdoj.gov/tax>.

For additional information on tax return preparer fraud, visit the Newsroom section of IRS.gov at <http://www.irs.gov/newsroom/article/0,,id=167391,00.html>.



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Apr 5, 2007

EVENT: Sentencing

Defendant: Gary L. Monroe

**FORMER CHAIRMAN AND CEO OF
LASON, INC. SENTENCED TO PRISON**

Gary L. Monroe, the former Chairman and Chief Executive Officer of Lason, Inc., was sentenced yesterday to 15 months' imprisonment based on a conviction for participating in the filing of a false and fraudulent quarterly report (10-Q) for Lason for the third quarter of 1999 with the Securities and Exchange Commission, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

U.S. District Judge Arthur J. Tarnow also ordered Monroe to pay \$20 million in restitution to investors who purchased Lason stock after Lason announced "record" results for the third quarter of 1999 and to serve a two-year term of supervised release following his

release from prison. Monroe, 52 years old and a resident of Birmingham, Michigan, will voluntarily surrender to the Federal Bureau of Prisons to serve his sentence.

United States Attorney Murphy said, "Today's sentence shows that corporate leaders who commit fraud will end up in prison for their crimes, just as common thieves and bank robbers do. The difference is that these corporate fraud cases are complex, fact intensive, and difficult to unravel. The Lason matter shows what our cadre of experienced white-collar crime prosecutors are doing everyday to prosecute criminal corporate fraud matters. I salute the fine work of the AUSAs involved, the FBI agents assigned to the matter, and the SEC's Enforcement Division. We will continue to work hard to investigate and bring these sorts of cases to resolution."

At the time of Monroe's offense, late 1999, Lason was a publicly traded company headquartered in Troy, Michigan, that provided printing, mail-processing, and electronic information services. It had dozens of operating units located throughout the United States and in other countries, and provided its services to hundreds of business customers, including automobile manufacturers.

The charge to which Monroe pleaded guilty pursuant to a plea agreement with the government on November 6, 2006, involves Lason's financial statement for the third quarter of 1999, which fraudulently inflated Lason's revenues by some \$13 million, an amount that enabled Lason to exceed Wall Street's earnings expectations for that quarter by a penny, which was announced at the end of October 1999. It was the twelfth quarter in a row that Lason had reported earnings at or above the consensus estimate of stock analysts.

The scheme began to seriously unravel on December 17, 1999, when Lason announced that it would not meet Wall Street's earnings projections for the fourth quarter. The next business day, December 20, Lason's stock price fell from \$23.31 to \$11.44 per share, a decrease of 51%. The stock price never recovered. By the second quarter of 2000 it was below \$5.00 per share. By the end of 2000, Lason's stock was virtually worthless.

On December 5, 2001, Lason filed for bankruptcy protection under Chapter 11 with the consent of its major lender, a bank group led by Bank One. On July 1, 2002, Lason emerged

from bankruptcy as a privately held company. Lason's existing common stock was canceled, and new Lason stock was issued, most of which was provided to the bank group. Lason was recently acquired by HOV Services Limited, an outsourcing company based in India.

Monroe's 15-month sentence was based in part on the cooperation he provided to the government in connection with the prosecution of William Rauwerdink, Lason's former CFO, who pleaded guilty on November 21, 2006, to conspiracy to commit securities fraud and filing a false 10-Q with the SEC. Rauwerdink will be sentenced by Judge Tarnow later this spring. In rejecting Monroe's request for probation, Judge Tarnow noted, among other things, the need to deter other executives from committing crimes of this nature.

On March 16, 2007, Judge Tarnow sentenced Lason's former President and COO, John Messinger, to a year and a day in prison and three years' supervised release and ordered him to pay \$20 million in restitution to Lason's former shareholders.

The criminal investigation of this case has been conducted by the FBI, with assistance from the SEC's Division of Enforcement. The case has been prosecuted by Assistant U.S. Attorneys Jennifer Gorland and Stephen Hiyama.



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Apr 9, 2007

EVENT: Indictment

Defendant: Thomas L. Mercer

**FORMER H&R BLOCK TAX PREPARER
INDICTED FOR FRAUD AND OBSTRUCTION**

A tax preparer formerly employed by H&R Block was indicted by a federal grand jury in Detroit last week and charged with filing false federal income tax returns for a number of his clients and with obstructing the IRS's investigation of his conduct, announced United States Attorney Stephen J. Murphy. Mr. Murphy was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service's Criminal Investigation Division.

Named in the 30-count indictment, unsealed today upon his arrest, was Thomas L. Mercer, 59, a resident of Romulus. During much of the period covered by the Indictment, Mercer was a tax preparer at an office of H&R Block in Dearborn, Michigan. Mercer is charged in 23 counts with aiding in the preparation and filing of Forms 1040 that claimed false and fraudulent deductions for expenses and tax credits that made it appear that the taxpayers were owed large refunds. He is also charged in six counts

with obstructing the due administration of the Internal Revenue laws by providing instructions to some of his clients about what to tell investigators and by providing them with documents purporting to justify some of the expense deductions.

“At this time of year it is important that taxpayers remember that they are ultimately responsible for their tax returns, no matter who prepares them. The taxpayer may be subject to fines and penalties if the tax returns are false. Our tax system relies on the honesty of all citizens,” said U.S. Attorney Murphy.

Special Agent in Charge Aouate said, “At the IRS, protecting taxpayer money is a matter we take extremely serious. “No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them. CI will continue to aggressively pursue those who file or promote the filing of false tax returns.”

Mr. Murphy noted that H&R Block fully cooperated with and provided valuable assistance to the government’s criminal investigation, which was conducted by the Criminal Investigation Division of IRS.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial at which it will be the government’s burden to prove guilt beyond a reasonable doubt.



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Apr 12, 2007

EVENT: Sentencing

Defendant: John G. Bergin

**CASINO GAMBLER WHO COMMITTED BANK
FRAUD TO FUND HIS HABIT SENTENCED TO PRISON**

A resident of suburban Chicago was sentenced today to 16 months' imprisonment on a conviction for devising a scheme to defraud a federal insured credit union. The purpose of the scheme was to obtain funds to gamble at a Detroit casino. The sentence was announced earlier today by Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

Receiving the sentence from U.S. District Judge Lawrence P. Zatkoff was John G. Bergin, 42, who pleaded guilty to the bank fraud charge in January 2007. At the plea hearing, Bergin admitted that he made bogus deposits into his savings account at Think Federal Credit Union by depositing empty deposit envelopes into ATMs located in Oakland County. This fraudulently inflated his account balance and enabled Bergin to withdraw cash from ATMs in metropolitan Detroit and purchase merchandise using his ATM/debit card. All of the fraudulent activity occurred in March 2006. Bergin used most of the fraudulent proceeds, which totaled

\$80,000, at the Motor City Casino.

Judge Zatkoff also ordered Bergin to serve a three-year term of supervised release following his release from prison and pay \$80,000 in restitution to Think Federal Credit Union.

United States Attorney Murphy said, "Gambling addiction is a serious disorder that can often lead to criminal activity designed to generate funds to further the addiction. While our prosecutors would prefer to see severely addicted individuals seek help to arrest behavior stemming from the disorder, we will aggressively prosecute those gamblers who use fraud to steal large sums of money from others."

The investigation of this case was conducted by the FBI and prosecuted by Assistant U.S. Attorney Stephen Hiyama.



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Apr 13, 2007

EVENT: Indictment

Defendant: Ali M. Beydoun

MORTGAGE FRAUD CRACK-DOWN CONTINUES

United States Attorney Stephen J. Murphy today announced further developments in the ongoing investigation of SBA-guaranteed loans originated by Business Loan Express, LLC ("BLX").

Mr. Murphy was joined in the announcement by Eric Thorson, Inspector General, Small Business Administration and Special Agent in Charge Desmond Scanlon, United States Secret Service, Detroit Field Office.

A Federal Grand Jury in Detroit returned two more Indictments on April 10, 2007 charging three local residents with fraud in connection with two loans alleged to have been obtained by fraud.

Ali M. Beydoun, 61, of Dearborn, Michigan, and **Mohamad (Mike) Dorra**, 50, of Dearborn Heights, Michigan were charged in one indictment with conspiracy to defraud the United States and making false statements. **Beydoun** (doing business as Noble General

Business Services, LLC and TW Fuel Stop, Inc.) obtained a \$1.4 million SBA-guaranteed loan from BLX for the purpose of purchasing a gas station located at 9525 Telegraph Rd., Redford, Michigan. **Dorra's** company, M & I Petro, Inc., was the seller of the gas station. According to the indictment, **Beydoun** falsely represented that he had put \$465,000 of his own money into the deal, as required for the issuance of the SBA loan guarantee. Among the alleged false representations was the claim that **Beydoun** had paid, and **Dorra** had received, a \$395,000 down payment on the gas station. The loan, which was disbursed on or about May 3, 2002, eventually went into default and on or about December 4, 2003, the SBA paid a \$1,037,897.17 claim.

Methik Hassan, 28, of Hamtramck, Michigan, and **Dorra** were charged in another indictment with conspiracy to defraud the United States and making false statements. **Hassan** (doing business as Fort Street Real Estate, LLC and Fort Street Petro Mart, Inc.) obtained a \$1.31 million SBA-guaranteed loan from BLX for the purpose of purchasing a gas station located at 20990 Riverview, Michigan. **Dorra's** company, M & I Petro, Inc., was, again, the seller of the gas station. According to the indictment, **Hassan** falsely represented that he had put \$455,000 of his own money into the deal, as required for the issuance of the SBA loan guarantee. Among the alleged false representations was the claim that **Hassan** had paid, and **Dorra** had received, a \$365,000 down payment on the gas station. The loan, which was disbursed on or about June 12, 2002, eventually went into default and on or about November 30, 2005, the SBA paid a \$876,590.89 claim.

Each of the charges against **Beydoun**, **Hassan**, and **Dorra** carry a maximum penalty of 5 years imprisonment and a \$250,000 fine.

Other developments in the investigation were the entry of guilty pleas on April 12, 2007, by two local residents previously charged with fraudulently obtaining SBA-guaranteed loans from BLX.

Daryoush Zahraie, 47, of Lake, Michigan, pleaded guilty to a conspiracy charge arising out of his fraudulent acquisition of a \$990,000 SBA-guaranteed loan issued by BLX. The SBA paid a claim of \$719,106.84 on or about November 18, 2003, as a result of a default in loan payments.

Ahmad M. Qdeih, 43, of Warren, Michigan, pleaded guilty to a conspiracy charge arising out of his fraudulent acquisition of a \$1.1 million SBA-guaranteed loan issued by BLX. The SBA paid a claim of \$798,186.18 on or about September 1, 2005, as a result of a default in loan payments.

The two pleas were entered before U.S. District Judge Arthur J. Tarnow. Both defendants face up to five years imprisonment and a \$250,000 fine. Sentencing for both cases is currently scheduled for July 25, 2007.

The SBA loan fraud investigation, which continues, is being conducted by special agents of the U.S. Small Business Administration-Office of Inspector General and the United States Secret Service. Stephen T. Robinson is the Assistant United States Attorney assigned to the investigation.

Individuals with knowledge of SBA-loan fraud are encouraged to contact the SBA-OIG fraud line at 1 (800) 767-0385.



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Apr 17, 2007

EVENT: Guilty Verdict

Defendant: Patrick B. Kalahar

**MERRILL, MICHIGAN MAN CONVICTED
ON FEDERAL BANK AND BANKRUPTCY FRAUD CHARGES**

A 47-year-old Merrill, Michigan man was found guilty Friday, April 13, 2007, by a federal jury in Bay City on multiple charges of bank and bankruptcy fraud, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Supervisory Senior Resident Agent John Cecil of the Federal Bureau of Investigation.

Found guilty of three counts of bank fraud and two counts of bankruptcy fraud was Patrick B. Kalahar.

The jury deliberated four hours before returning the verdict, concluding a four-day trial before United States District Judge Thomas L. Ludington.

The evidence presented at trial showed that Kalahar, who had been the Chief Executive

Officer of Credit Union Plus in Bay City for a number of years in the 1990s, left that position in 1999 to go into private business. He continued to maintain several personal accounts at the credit union, however, as well as several business accounts.

In 2004, Kalahar was the sole owner and manager of Kalahar Mobility, LLC, Bay City, which converted and outfitted motor vehicles for use by the disabled. In late July of 2004, Kalahar knowingly authorized the deposit of a \$63,860.72 check from his investment company on which there was a stop payment in place. On each of the next two days he authorized the deposit of a check drawn on his company bank in Illinois into his Credit Union Plus account. These checks were for \$80,500, and \$90,810, respectively. All three checks were worthless and Credit Union Plus suffered a loss of over \$170,000.

In June of 2005, Kalahar filed for bankruptcy protection. In doing so, he failed to indicate, under oath, that Credit Union Plus was seeking over \$170,000 from him, or that Credit Union Plus had closed several of his accounts after it had been defrauded on his three worthless checks. Kalahar Mobility went out of business and closed its doors in October, 2005.

“Whether the criminal activity is committed on the street or in the board room, my office will vigorously pursue corrupt and fraudulent schemes, such as the one that resulted in this conviction.” United States Attorney Murphy said.

Murphy commended the work of the agents of the Federal Bureau of Investigation in the investigation, and the office of the U.S. Trustee.

A sentencing date has not been set. Kalahar faces up to 30 years' imprisonment. The case was prosecuted by Assistant U.S. Attorney James A. Brunson.



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Apr 17, 2007

EVENT: Guilty Verdict

Defendant: Alan Pighin,

**President of Cement Company Convicted of Perjury and Obstruction of Justice
in Connection with City of Detroit Road-Work Corruption Investigation**

A federal jury in Detroit has convicted the President of Century Cement Company, Alan Pighin, 58, of Temperance, MI, of two counts of perjury and one count of obstruction of justice, in connection with his efforts to impede a federal grand jury investigating allegations of corruption in the City of Detroit's Department of Public Works.

United States Attorney Stephen J. Murphy said, "Lying to a federal grand jury disrupts the fairness and integrity of the criminal justice system. It is conduct that cannot be tolerated -- and the jury, in returning its guilty verdicts today, reinforced this notion. In any federal case, and particularly when the underlying offense involves a matter such as public corruption, witnesses called to testify must realize that perjury will result in aggressive prosecution."

According to court records, a federal grand jury was investigating suspected corruption in the City of Detroit -- specifically, allegations that road contractors were bribing City of Detroit construction inspectors in connection with road and sidewalk related work performed in the

City. During the course of the investigation, federal agents received information that Pighin, the president of Century Cement Company, a City contractor, may have paid bribes to City inspectors. According to the indictment, the agents interviewed Pighin, at which time he admitted that he had twice paid City inspectors to help facilitate certain City-financed construction projects.

The trial jury found that Pighin lied under oath to a grand jury, convened two weeks after the interview, in violation of 18 U.S.C. § 1623(a), when he denied paying City inspectors in connection with his concrete work or the way in which he performed City contracts (count 1). The trial jury also found that Pighin lied to the grand jury when he intentionally failed to tell them that he had installed without charge a concrete driveway at the home of a City of Detroit principal construction inspector who had supervised City contracts performed by Pighin (count 6). Finally, the trial jury found that shortly before Pighin's trial was scheduled to begin in December 2006, Pighin tried to obstruct justice, in violation of 18 U.S.C. § 1503, when he asked the principal construction inspector to testify falsely at the trial that Pighin had installed the driveway at the inspector's house in exchange for masonry work (count 7).¹

Pighin is scheduled to be sentenced before U.S. District Judge Nancy G. Edmunds on August 9, 2007, at 2:00 p.m. The maximum penalties for the perjury offense is five years in prison and a \$250,000 fine. The maximum penalties for the obstruction offense is ten years in prison and a \$250,000 fine. Pighin is currently released on bond pending his sentencing hearing.

The case was investigated by Special Agents of the Federal Bureau of Investigation and the United States Department of Transportation, Office of Inspector General. The case was prosecuted by Assistant U.S. Attorney Mark Chutkow.

¹ Pighin was found not guilty of making a false statement to a federal agent (pled in the alternative to count 1), as well several false declaration counts relating to specific variations of his answer to the main false declaration count (count 1).



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Apr 17, 2007

EVENT: Indictment

Defendant: Mohamad Abdul Mohi

MAN CHARGED WITH FRAUDULENTLY OBTAINING U.S. CITIZENSHIP

United States Attorney Stephen J. Murphy announced that Mohamad Abdul Mohi, 54, of Toledo, Ohio was arrested today on an Indictment charging him with procuring his United States citizenship through fraud, making false statements to government officials, and perjury.

The Indictment, which was handed down by a federal grand jury on April 4, 2007 and sealed pending the apprehension of Mohi, alleges that, while procuring his U.S. citizenship in 2004, Mohamad Mohi lied orally and in writing to immigration authorities about his prior arrest for criminal sexual conduct and furnishing alcohol to a minor. Mohi made his initial appearance in federal court in Detroit today before United States Magistrate Judge Donald A. Scheer, and was released on bond. On the naturalization fraud count, Mohi faces a maximum penalty of 10 years' imprisonment and a \$250,000 fine and, upon conviction, would automatically be stripped of his United States Citizenship. He faces maximum penalties of 5 years' imprisonment and a \$250,000 fine on each of the other two counts.

In announcing the Indictment, United States Attorney Stephen J. Murphy commended

the work of the Special Agents of the Immigration and Customs Enforcement, who conducted the investigation, and the ICE Detroit Chief Counsel's Office. The prosecution is being handled by Special Assistant United States Attorney Mark J. Jebson.

"My office in coordination with ICE will continue to vigorously and systematically pursue those who have obtained their U.S. citizenship or other immigration benefits unlawfully," said United States Attorney Stephen J. Murphy. "The notion that a criminal immigrant can rest easy once he gets his citizenship papers is a false assumption indeed," Mr. Murphy emphasized. "The Department of Justice and ICE will utilize every criminal, civil, and administrative remedy to ensure that those who obtain U.S. citizenship under false pretenses will not benefit from their dishonesty."

Mr. Murphy was joined in the announcement by Brian M. Moskowitz, Special Agent in Charge, U.S. Immigration and Customs Enforcement who stated that, "becoming an American citizen is privilege not a right." "We will not tolerate those who pledge their allegiance to this nation knowing that the oath they took was achieved through lies and fraud. ICE Special Agents will work with our partners in the U.S. Attorney's Office to ensure that those privileges are removed."

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 guilt beyond a reasonable doubt.



U.S. Department of Justice

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Apr 17, 2007

EVENT: Guilty Verdict

Defendant: Nedjo Lojpour

**SHELBY TOWNSHIP MAN IMPLICATED IN BOSNIAN WAR CRIMES
PLEADS GUILTY TO IMMIGRATION FRAUD**

A 52-year-old Shelby Township man who failed to disclose his service in a Bosnian Serb military unit that committed war crimes in the mid-1990s pled guilty to two counts of immigration fraud in federal court today, United States Attorney Stephen J. Murphy announced. Joining in the announcement was Brian M. Moskowitz, Special Agent-In-Charge of the Immigration and Customs Enforcement Office of Investigations in Detroit .

Nedjo Lojpour served in the Zvornik Infantry Brigade, 1st Infantry Company, 7th Infantry Battalion, in the former Yugoslavia, from approximately 1992 to 1995. The Zvornik Infantry Brigade is known to be responsible for various atrocities committed during the 1992-1995 conflict in Bosnia, including the murder of 3,000-4,000 Bosnian men in the UN-designated safe-area of Srebrenica in July 1995, the murder of another 500-1000 men and boys in other executions, and the forcible expulsion of 25,000-35,000 women, children, and elderly persons.

Lojpour immigrated to the United States in 2002 but failed to disclose his military service

on his refugee application. He again failed to disclose his military service in 2004, when he applied for permanent residency.

United States Attorney Stephen J. Murphy said, "Immigration fraud is particularly serious when it involves the concealment of a criminal or violent past. Failure to disclose service in a unit associated with the commission of atrocities in Bosnia is a dangerous omission, and today's guilty plea illustrates the importance of the mission of ICE in detecting and prosecuting such abuses."

Lojpour was arrested on December 11, 2006 as part of a coordinated nationwide arrest of Bosnian Serb war veterans implicated in war crimes that failed to disclose their military service on immigration documents. At least 16 individuals were arrested around the country that week and dozens more over the past two years.

As part of his plea agreement, in addition to a possible sentence of imprisonment, Lojpour has agreed to be deported to Bosnia and Herzegovina. Immigration fraud is punishable by a maximum sentence of 10 years' imprisonment and a fine of up to \$250,000. Sentencing is scheduled for July 17, 2007, at 3:00 p.m.

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



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Apr 17, 2007

EVENT: Indictment

Defendant: Najib Shemami

MAN CHARGED AS SPY FOR FORMER IRAQI GOVERNMENT

A local man has been charged with acting as an agent of the Iraqi Intelligence Service under the government of Saddam Hussein, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Andrew G. Arena, FBI Special Agent in Charge.

Najib Shemami, 58, of Sterling Heights, was charged by a federal grand jury in a four-count indictment. The indictment alleges that between March 2002 and early 2003, Shemami conspired with others to act as an agent of the Government of Iraq without notification to the Attorney General of the United States, as required by law. The indictment alleges that Shemami traveled from Michigan to Iraq on several occasions and met with officers of the Iraqi Intelligence Service ("IIS") before the March 2003 invasion of Iraq by coalition forces. During these meetings, the indictment alleges, Shemami reported information relating to the activities of Iraqi expatriates in the United States, potential candidates for political office in Iraq, and U.S. and Turkish military activities he had observed in Turkey before the U.S. entry into Iraq in 2003.

United States Attorney Murphy stated, "Espionage is a federal crime that strikes at the heart of our Nation's security. Charges such as today's, that involve the alleged gathering of intelligence information on our soil for a hostile power, will be vigorously pursued by my office. We are fortunate that, in this case, the hostile foreign government no longer exists, but the alleged crime -- and the threat it represented -- is nonetheless grave."

Andrew G. Arena, Special Agent in Charge, FBI advised "Protecting the United States against foreign intelligence operations is a top priority of the FBI. Our counterintelligence agents and joint terrorism task force personnel will continue their efforts to identify these individuals involved in espionage against our country."

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 guilt beyond a reasonable doubt.

The case was investigated by Special Agents of the FBI.



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Apr 18, 2007

EVENT: Guilty Plea

Defendant: Marlene Norris

**CIVILIAN EMPLOYEE PLEADS GUILTY TO EMBEZZLING MONEY FROM EXCHANGE AT
SELFRIDGE AIR NATIONAL GUARD BASE (ANGB)**

A 51-year-old civilian Senior Store Associate at the Selfridge Air National Guard Base (ANGB) Exchange, pleaded guilty today to a one count Information charging her with Theft of Government Property, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Andrew Arena, Special Agent in Charge, Federal Bureau of Investigation.

Pleading guilty before U.S. District Judge Gerald E. Rosen was Marlene Norris, a former employee of the Exchange, a retail store operating for the benefit of military personnel at Selfridge Air National Guard Base in Mount Clemens, Michigan. Theft of Government Property is a felony offense which carries a maximum penalty of 10 years imprisonment, a \$250,000 fine, or both.

United States Attorney Stephen J. Murphy said, "Stealing from any federal facility, particularly a military base, is a serious matter. We will pursue such matters with vigor."

During the plea in Court, Norris acknowledged that she perpetrated the theft, totaling in excess of \$113,851, by submitting and redeeming false and fraudulent refund slips, utilizing names and identifications of others, including deceased persons. Norris then obtained cash for the return slips, which she converted to her own personal use. Her conduct occurred between October 2004 and October 2005.

Norris entered into a plea agreement with the government which estimated her guidelines to be 10 - 16 months imprisonment. The plea agreement provides that she will pay restitution to the government in the amount of \$113,059.32.

A sentencing date of July 27, 2007 has been scheduled by the Court.



U.S. Department of Justice

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Apr 23, 2007

EVENT: Sentencing

Defendant: Raymond Greenspan

**TWO MEN SENTENCED IN DETROIT ON CHARGES OF
UNLICENSED WHOLESALE DISTRIBUTION OF PRESCRIPTION
MEDICATIONS STOLEN FROM McKESSON AND PHARMACIA-UPJOHN**

A West Bloomfield, Michigan resident and a dual resident of Highland Park, Illinois and Delray Beach, Florida were sentenced today and on Friday, April 20, 2007, respectively, on charges of unlicensed wholesale distribution of prescription medications stemming from bulk sales of approximately \$5,534,000 worth of prescription medications, many of which had been stolen from a distribution center operated by McKesson Corporation and from Pharmacia-Upjohn in the Chicago, Illinois area, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Andrew Arena, F.B.I. Special Agent in Charge, and Michael Cleary, Special Agent in Charge of the Chicago, Illinois office of Food and Drug Administration, Office of Criminal Investigation.

United States Attorney Murphy stated: "Once pharmaceuticals leave the stream of regulated commerce, which requires that prescription medication be handled by licensed

wholesalers and retailers every step of the way and that each link of that chain be recorded for accountability, the public runs the risk of ultimately receiving medication that may have been mishandled, mislabeled or worse, threatening the effectiveness of the medication and, ultimately, the public safety. Both the F.D.A. and the F.B.I. should be commended for their excellent cooperative efforts leading to these convictions.”

Raymond Greenspan, age 70, of West Bloomfield, Michigan and Louis Orenstein, age 67, of Highland Park, Illinois, were sentenced by United States District Court Judge Marianne O. Battani in Detroit, Michigan. Both defendants had previously pleaded guilty to the charges.

Greenspan was sentenced today to serve 16 months in the custody of the Bureau of Prisons, to be followed by two years on supervised release, to pay restitution in the amount of \$3,053,552, and to forfeit to the United States the sum of \$225,000.

Orenstein was sentenced, on Friday, April 20, 2007, to serve 18 months in the custody of the Bureau of Prisons, to be followed by two years' supervised release, to pay restitution in the amount of \$3,734,853 (\$225,000 of which was paid prior to sentencing), and to forfeit to the United States the sum of \$1,525,000 (also paid prior to sentencing).

The information presented to the court at the time of the prior guilty pleas and sentencing showed that from November 20, 1998 through December 12, 2000, in the Northern District of Illinois and the Eastern District of Michigan, Orenstein, a licensed beautician and wholesale supplier of beauty products to retailers in the Chicago area, sold and distributed the various medications, including Prilosec, Lipitor, Celebrex, Depakote, Vioxx, Amoxil and others, to Raymond Greenspan, doing business in the Eastern District of Michigan, without having been licensed by either the state of Illinois or Michigan as required. Greenspan, in turn, sold the drugs to other wholesalers in the area. Many of these prescription medications had been stolen from a warehouse owned and operated by McKesson Corporation and from a shipment initiated by the large pharmaceutical manufacturer, Pharmacia-Upjohn.

These sentences are the second and third arising from this investigation. William “Ronnie” Deaton of Chicago previously pleaded guilty to the interstate transportation of stolen property and was sentenced to serve six months in prison, to pay restitution of \$392,785, and

to forfeit \$100,000 to the government.



U.S. Department of Justice

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April 26, 2007

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FOR IMMEDIATE RELEASE

Detroit, Michigan

**MAN SENTENCED FOR CONSPIRING TO BURN HOME
OF AFRICAN-AMERICAN FAMILY IN TAYLOR, MICHIGAN**

Ricky Cotton of Taylor, Mich., was sentenced yesterday to 78 months in prison for conspiring to violate the civil rights of an African-American family in Taylor

On July 28, 2002, Cotton and several associates conspired to burn the home of an African-American family because they did not want the family living in their neighborhood. Cotton's co-conspirators eventually broke a window in the family's home, poured in a flammable substance, and lit the substance on fire.

United States Attorney Stephen J. Murphy said, "The court's sentence metes out an appropriately strong penalty for the racially animated violence that this defendant conspired to perpetrate. The community has every right to expect that an attempt to burn a family out of their home because of the color of their skin will be met with swift, sure prosecution, as well as a serious punishment."

Wan J. Kim, Assistant Attorney General for the Civil Rights Division said, "The actions of the conspirators in this case were despicable and intolerable. The Justice Department takes very seriously violent crimes bred of ignorance and hatred, and we will vigorously prosecute those who violate the civil rights of our fellow Americans."

Wayland Mullins, one of Cotton's co-conspirators, was convicted by a jury on April 20, 2007, for conspiring to violate the family's civil rights; for violating the civil rights of the family; for using fire in the commission of a felony; and for conspiring to obstruct justice. Mullins is scheduled to be sentenced on Aug. 23, 2007.

Michael Richardson, another conspirator, pleaded guilty on Sept. 21, 2006, to participating in the conspiracy to burn the house; to violating the family's federally protected housing rights; to using fire in the commission of a felony; and to conspiring to obstruct justice. Richardson is scheduled to be sentenced on Sept. 6, 2007.

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U.S. Department of Justice

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Apr 26, 2007

EVENT: Sentencing

Defendant: Walter Steen

JACKSON HEWITT, H&R BLOCK TAX PREPARER PLEADS GUILTY TO TAX FRAUD

A 49-year-old Detroit tax preparer who worked at Jackson Hewitt and H&R Block branches in Highland Park from 2001 to 2004 pled guilty to assisting in the preparation of false tax returns in federal court today, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation.

Walter Steen pled guilty before United States District Judge George Caram Steeh to the most serious count of a thirty-one-count indictment . Steen admitted that he altered taxpayers' returns by fabricating or inflating Schedule A deductions (e.g. charitable contributions, business expenses, medical and dental deductions), student loan interest, and exemptions. At sentencing, the government will seek restitution of the total tax loss attributable to defendant's fraud, which is at least \$105,649.

"Coming so soon after tax season, this guilty plea is a stark reminder of the need to

vigilantly enforce our tax laws," United States Attorney Murphy said.

"An abusive return preparer tries to convince the people that they have the skills to deceive the IRS, but this is far from the truth." said Aouate. "Filing a false return is a violation of the law."

Steen worked at Jackson Hewitt from 2002 to 2004 and at H&R Block in 2001. He also prepared tax returns at his own business, GWP Tax Service, in Detroit in 2005.

Assisting the preparation of a false tax return is punishable by a maximum sentence of 3 years' imprisonment and a fine of up to \$100,000. Pursuant to his plea agreement, the defendant is to be sentenced to a term between 18 and 24 months imprisonment. Sentencing is scheduled for August 2, 2007 at 2:00 p.m.

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