



**U.S. Department of Justice**

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

*Suite 2001  
211 West Fort Street  
Detroit, Michigan 48226-3277*

**For Immediate Release:**

**Contact:** Gina Balaya (313) 226-9758  
Sandra Berchtold - FBI (313) 237-4218

June 19, 2008

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**EVENT: Indictments**

**Defendant: Nicole Malane et al**

**UNITED STATES ATTORNEY ANNOUNCES CRACKDOWN  
ON MORTGAGE FRAUD**

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United States Attorney Stephen J. Murphy announced today the results of a recent crackdown on mortgage fraud in the Eastern District of Michigan. Mr. Murphy was joined in the announcement by Acting Assistant Special Agent in Charge Toni Chrabot, Federal Bureau of Investigation, Special Agent in Charge Brian Moskowitz, Immigration and Customs Enforcement, Postal Inspector in Charge Joseph Parone, U.S. Postal Inspection Service, and Special Agent James Waldron, U.S. Housing and Urban Development, Office of Inspector General.

Since March of this year the U.S. Attorney's Office has filed 15 separate complaints, indictments or informations charging 28 individuals with federal felonies relating to mortgage fraud. The charges include wire, mail and bank fraud, money laundering, and conspiracy to commit those offenses. The estimated total loss, as a result of the alleged conduct by these individuals is over \$50 million.

Charged are:

**NICOLE MALANE**, 30, of Birmingham, Michigan. The complaint and affidavit allege that on or about May 4, 2006, Malane committed violations of the federal wire and mail statutes in the purchase of a residential property located at 7471 Jackson Park, Bloomfield Hills, Michigan. The fraudulent activity included artificially increasing the sale price of a single family home from \$385,000 to \$630,000. Ms. Melane took title to the property via false income documents stating that she earned \$14,000 per month as vice president of Southwest Fabricating, Inc. – a company taken over by Robert Yeo and stripped of its assets through “busting out” business lines of credit.

**KURT WARREN HEINTZ**, 37, of Grand Blanc, Michigan and real estate appraiser **JAMES JEFFREY FISH**, 40, of Howell, are charged in an Information with having engaged in a systemic mortgage fraud scheme throughout Michigan, primarily in Genesee County, Michigan. HEINTZ was involved in the purchase of numerous properties and paid real estate appraisers including FISH to appraise the properties for more than their true market value. Straw buyers were recruited and acquired mortgage loans in their names based on the inflated property values. Payments on the mortgage loans eventually ceased, thus exposing lending institutions to significant losses as the true value of the properties was substantially less than the outstanding mortgage loan balances. The fraudulent appraisals typically appraised the properties for more than twice their true value. The scheme involved approximately 70 properties, and has exposed lenders to losses of approximately \$20,000,000.

**AUBRY TERBRACK**, 65, of Troy, Michigan and **DENISE MONEY**, age 52, of Ferndale, Michigan, two former corporate officers of Marathon Financial located in Southfield, Michigan, are charged with conspiring to defraud the United States Government National Mortgage Association, commonly known as Ginnie Mae. Ginnie Mae makes affordable housing a reality for millions of low- and moderate-income households across America by channeling global capital into the nation's housing markets via Government insured loans primarily through the Federal Housing Administration (FHA) and Department of Veterans Affairs (VA). Specifically, the Ginnie Mae guaranty allows

mortgage lenders to obtain a better price for their mortgage loans in the secondary market. The lenders can then use the proceeds to make new mortgage loans available. Money and Terbrack conspired to retain the funds obtained from terminated and/or paid off loans. Terbrack and Money failed to disclose to GNMA that the loans were terminated, while Terbrack utilized the funds from the paid off loans to invest in the stock market and make fraudulent monthly payments to GNMA on the loans that were previously paid-off, to conceal the fraud. The fraud began during July of 1998 and continued until October of 2007, resulting in a loss of approximately \$20,000,000.

**JULIETA GALVEZ FLORES**, 34 of Farmington Hills, Michigan and **ROBERTO CARMEN LEMOS, JR.**, 35 of Detroit, Michigan are alleged to have engaged in a mortgage fraud scheme in Detroit, Michigan. FLORES operated a mortgage brokerage under the name of JF & ASSOCIATES. FLORES acted in the capacity of a mortgage loan officer on numerous properties and paid a title company employee, ROBERTO CARMEN LEMOS, JR., to accept (as fact) deeds of trust which reflected an owner that was not truly the owner. In addition, LEMOS altered title work to show that a mortgage lien existed when, in fact, it did not. The fictitious liens resulted in fraudulent payoffs to FLORES' shell companies. Straw buyers were recruited as borrowers. The straw buyers did not make payments on the mortgage loans which resulted in the foreclosure of the homes. The scheme involved approximately 13 properties, and has exposed lenders to losses of approximately \$292,000.

**PHILLIP BLEVINS**, 56, of Bloomfield Hills, Michigan, was the owner of "Lion Pride Investments" also known as "Lyon Pride Investments" (LPI), which did business at various locations in the Eastern District of Michigan and elsewhere. BLEVINS operated as facilitator of fraudulent mortgage loan transactions and coordinated the purchase and sale of real property by recruiting straw buyers and seeking loans on behalf of those buyers from various lending institutions throughout the United States. **JOHN HUSAR**, 39, of Sterling Heights, Michigan worked with Blevins in various positions including acting as a loan processor and officer. **CYNTHIA CRUMP**, 53 of Bloomfield Hills, Michigan and **TANYA DAVIS**, 49 of Southfield, Michigan were straw buyers recruited

ny BLEVINS for the fraudulent mortgage transactions. **ARNOLD JANKOWSKI**, 61 of Warren, Michigan was an associate of BLEVINS who used the stolen identity of licensed real estate appraisers to generate inflated appraisals for the fraudulent mortgage transactions. All five defendants are charged in an indictment with conspiracy to commit bank fraud

**SHANNON FERGUSON**, 36 of Canton Township, pleaded guilty on June 13, 2008, to one count of wire fraud in connection with two fraudulent mortgage loans handled by Select Mortgage that were secured by her residence in St. Clair Shores. The loans totaled \$732,000. Under the terms of her plea agreement, she faces up to 46 months' imprisonment, a \$1 million fine, and an order of restitution in the amount of \$732,000. Co-defendants Tariq Hamad and Kalil Khalil pleaded guilty to broader mortgage fraud schemes encompassing loans totaling \$21 million. Hamad was sentenced in September 2007 to 110 months' imprisonment and ordered to pay \$11.5 million in restitution. Khalil was sentenced in February 2008 to 60 months' imprisonment and ordered to pay \$11.1 million in restitution. Both Hamad and Khalil also forfeited their interests in several bank and securities accounts.

**DENNIS TAMBURO**, 39, of Washington Township, Michigan, a mortgage broker and owner of Home Connection Mortgage (HCM), and **MARIO LALIOS**, 30, of Shelby Township, Michigan, a real estate agent and owner or part-owner of Rain Maker Investments, Inc., and ML&SL Holdings, Inc., were charged in a criminal complaint with perpetrating mortgage fraud schemes. The schemes occurred between July 2004 and May 2006. Tamburo and Lalios flipped properties owned by themselves or their associates to buyers and falsified loan applications to qualify the buyers for loans with NetBank, a federally insured financial institution. The properties were sometimes flipped multiple times among friends, relatives, or business associates to conceal any previous ownership by Tamburo or Lalios. Tamburo and Lalios submitted 52 loans totaling \$5,387,620 to NetBank. All 52 loans fell into default, and most are in various stages of foreclosure.

**GREGORY PATRICK DAVIS**, 30, was the owner of “GP Davis and Associates” which also did business as “Interactive Property Services,” and “Efficient Mortgage” all located at 18911 West 10 Mile Road, Southfield, Michigan and elsewhere. In this capacity, DAVIS operated as a mortgage broker who facilitated the purchase and sale of real property by seeking loans from various lending institutions throughout the United States. **MELISSA N. HARRIS**, 24, was an associate of DAVIS and worked in his various businesses as a loan officer and loan processor. Together, with others as yet uncharged, they obtained fraudulent mortgage loans on numerous properties in the Detroit metropolitan area and arranged to have the illegal proceeds and profits of the fraud split between themselves and others. In committing the fraud the defendants provided false income information for straw buyers and in order to bolster their credit-worthiness and apparent ability to qualify for mortgages, provided down payments, false verification of bank account balances, false intent to use the property as a primary residence and made mortgage payments after the loans closed in an effort to conceal the fraud.

**ALI AKIL, JOHN MARRAS** and **MARK WARD** are charged in a criminal complaint with conspiring to defraud Amtrust, a mortgage lender in Cleveland, Ohio. WARD, a licensed real estate appraiser, agreed to create a false and inflated appraisal for a home in Beverly Hills, Michigan. A straw buyer was recruited to purchase the property and the defendants facilitated the submission of a loan application and the fraudulent appraisal to Amtrust. As a result of the false and inflated appraisal and its materiality to the loan application Amtrust approved the mortgage loan for the sale of the property and disbursed \$990,000 on May 29, 2007, by wire transferring the funds to a title company in Dearborn, Michigan. Profits from this fraudulent transaction were divided in various amounts between the defendants.

**NISHON JOHNSON**, 37, of Detroit, Michigan is charged in a criminal complaint with wire fraud. The affidavit alleges that JOHNSON and other bought single-family homes in the Detroit area and then - after finding buyers - resold or refinanced the homes. After buying single-family homes, JOHNSON and others recruited buyers to purchase

the houses as investment properties which allegedly could be rented to cover the monthly mortgage payments and costs. JOHNSON submitted false loan applications to the mortgage companies which overstated the borrower's income and understated their liabilities. The borrowers eventually defaulted on the loan forcing foreclosure. The estimated loss to the mortgage companies is \$600,000.

**JONATHONE J. JOHNSON**, 32, and **WANDA HENLEY**, 54, both of Detroit, were charged in a criminal complaint with wire fraud in connection with a scheme to obtain over \$5 million from mortgage lenders. According to the complaint, Johnson or his company, 3 J Solutions, purchased houses in the City of Detroit and then sold them anywhere from a few days to a few weeks later for more than twice as much as Johnson paid for them. The houses were purchased by straw borrowers, recruited by associates of Johnson, in whose names loan applications were submitted. The complaint also alleges that the loan applications contained false information about the borrowers' income and assets, were accompanied by counterfeit supporting documents, and were supported by appraisals prepared by Henley, a licensed real estate appraiser who did business under the name Michigan Appraisal. The loans soon became delinquent, and the houses were eventually foreclosed on by the lenders.

**IRVING SIMS** pleaded guilty to an indictment that charged he provided false information regarding his income to a lender, causing the lender to approve a \$466,000 refinance mortgage. Sims defaulted on the mortgage shortly thereafter, causing a loss of approximately \$145,000.

**KENNETH WILSON, KEVIN BLUHM, AND MARK COUNTS** have pleaded guilty to fraud charges. The information presented to the court at the time of the pleas showed that Defendant Kenneth Wilson provided false information to Quicken Loans, Inc., and caused Kevin Bluhm, an employee of Lincoln Title Company, to provide misleading information to Quicken Loans, Inc. in connection with "cash-out refinance mortgage applications" for 13 residential properties which defendant Kenneth Wilson had submitted to Quicken Loans, Inc. Wilson provided false information to Quicken Loans,

inc regarding his income and employment. Wilson also caused Kevin Bluhm to submit misleading title commitments regarding the 13 subject properties which Wilson was purchasing. Defendant Mark Counts, an appraisers assistant, provided false information, including photos of more valuable properties as well as false information regarding the size, construction, etc. of subject properties which supported loans in excess to the actual worth of the properties. Quicken Loans, Inc. relied on the accuracy of the information provided by Wilson, Bluhm and Counts, and funded the mortgages. Wilson subsequently defaulted, causing a loss of approximately \$550,000 to Quicken.

**CHRYSTALIN CARTER** pleaded guilty to charges of conspiracy to commit wire fraud. The facts presented to the court at the time of the plea showed that Carter was a participant in a scheme in which a property was sold to an associate of Carter who was using a false identity to purchase the property and to obtain a \$51,000 mortgage. Almost immediately after the sale, the mortgage went into default status, resulting in a \$51,000 loss to the lender.

United States Attorney Murphy said, "Honesty and integrity in the mortgage lending business are crucial to protecting home owners, lending institutions, and borrowers. When mortgage fraud is widespread, it undermines the stability of the housing market and the ability of lending institutions to protect themselves from debilitating losses."

Acting Assistant Special Agent in Charge Toni M. Chrabot of the FBI commented, "Mortgage fraud is characterized by deceit, concealment, and is not dependent on even the threat of violence. Mortgage fraud tears at the core of our households, our economy, and the American dream. Individuals and groups who participate in mortgage fraud prey on the most vulnerable in our society. The mortgage fraud problem continues to escalate, but the FBI is committed to aggressively pursuing these cases utilizing a variety of investigative techniques."

U.S. Attorney Murphy commended federal law enforcement agencies as well as state regulators, licensing agencies and financial institutions for their continued cooperative efforts to stamp out mortgage fraud.

Complaints, indictments and informations are simply charges and the defendants are presumed innocent. It is the government's burden to prove guilt beyond a reasonable doubt.





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**For Immediate Release:**

**Contact:** Gina Balaya (313) 226-9758

June 27, 2008

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**EVENT: Guilty Plea**

**Defendant: Betty Wing**

**FORMER UNITED STEELWORKERS OF AMERICA, AFL-CIO  
LOCAL 1077 OFFICER PLEADS GUILTY TO THEFT**

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A former Secretary-Treasurer of the United Steelworkers of America, AFL-CIO Local 1077 (USW, Local 1077), formerly United Paperworkers International Union, AFL-CIO Local 1077 (PACE Local 1077), pleaded guilty today to embezzlement charges stemming from the theft of Local 1077 funds, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Ian Burg, Detroit District Director of the U.S. Department of Labor, Office of Labor-Management Standards.

Betty Wing, 42, of Ann Arbor, Michigan, entered a guilty plea to Embezzlement of Union Assets in the United States District Court before the Honorable Arthur J. Tarnow.

The information presented to the court at the time of the plea showed that between July 2003 and March 2004, Wing, while acting as Secretary-Treasurer of Local 1077, devised a scheme, whereby she would pay herself for false activities she claimed to have conducted on behalf of the local, and by adding numbers to existing checks payable to herself that increased the monetary value of the checks, amounting to approximately \$6,584.

United States Attorney Murphy said, "Union members have a legitimate expectation that their leaders will not operate with their hands in the till. My office will continue to root out and prosecute labor fraud when we find it."

Under the terms of the plea agreement, Wing faces up to six months imprisonment and a fine of up to \$10,000. Wing will also be required to make full restitution to Local 1077.

A sentencing hearing was set by Judge Tarnow for Thursday, October 2, 2008 at 2:00 P.M.

The case was investigated by Investigator Randal Cummings of the U.S. Department of Labor, Office of Labor-Management Standards. The case is being prosecuted by Assistant U.S. Attorney James M. Wuczyna.



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Stephen Moore, IRS CI (313) 234-2410

June 27, 2008

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**EVENT: Conviction**

**Defendant: Raymond Yono**

**ROYAL OAK MAN CONVICTED OF BANK FRAUD**

***Defendant Used Altered Social Security Checks To Steal More Than \$57,000***

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A Royal Oak man who inflated his social security disability checks by thousands of dollars and defrauded four banks of the money was convicted in federal court, United States Attorney Stephen J. Murphy announced today. Murphy was joined in the announcement by William Callahan, Acting Special Agent-In-Charge of the Secret Service's Detroit field office.

Raymond Yono, 37, formerly of West Bloomfield and Oak Park, has been receiving Social Security disability benefits since 1995 and Social Security survivor benefits since 2005. Each payment was for several hundred dollars. From September 2005 to March 2006, Yono had the checks altered by adding an "8" to the dollar amount payable, thereby transforming checks for \$305 to \$8,305. Yono then deposited the altered checks at accounts he held at Charter One Bank, People's Trust Credit Union, Republic Bank, and Citizens Bank. He then depleted the funds before the banks discovered the alterations, leaving the banks with losses totaling \$57,707.09. The Secret Service case agent testified that the money was likely squandered by the defendant at the Motor City Casino, where Yono has spent more than 300 hours playing the slots since September 2005.

United States Attorney Murphy said, "Fraudulent schemes that victimize financial institutions impact not only the institution, but other consumers and confidence in the banking system as well. My office will continue to vigorously pursue corrupt schemes such as the one that resulted in this conviction." United States Attorney Murphy said.

The jury deliberated for about two hours before convicting Yono on all five counts with which he was charged. Four of the counts charged bank fraud, one count for each of the affected banks. A fifth count charged Yono with altering United States Treasury instruments.

Each count of bank fraud is punishable by a maximum of 30 years imprisonment and a \$1,000,000 fine. No sentencing date has been set by Judge Patrick J. Duggan.

The case was tried by Assistant United States Attorneys Leonid Feller and Barrington Wilkins.



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July 7, 2008

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**EVENT: Guilty Plea**

**Defendant: HSKM Inc.**

### **Corporation Pleaded Guilty to PCB-Related Offense**

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A corporation formerly known as Hoskins Manufacturing Company, and now known as HSKM, Inc., entered a guilty plea today in United States District Court in Bay City, Michigan, U. S. Attorney Stephen J. Murphy announced. The company pleaded guilty to a one count information charging it violated the Toxic Substance Control Act.

Hoskins Manufacturing once had facilities in Mio, Charlevoix and Hamburg, Michigan, as well as elsewhere. The information filed with the court charges that the company abandoned a non-leaking, PCB-containing transformer at its Hamburg facility. Such conduct constitutes improper disposal under the federal Toxic Substances Control Act.

Murphy was joined in the announcement by the U. S. Environmental Protection Agency and the Michigan Department of Environmental Quality (MDEQ). Hoskins Manufacturing became the focus of a joint investigation by those agencies after EPA Superfund emergency response teams responded to the three abandoned manufacturing sites in Michigan in 2003 and 2004. As part of the plea agreement between the now-defunct corporation and the U.S. Attorney's Office for the Eastern District of Michigan, \$1.7 million in Superfund costs will be repaid by the defendant over the course of a year.

United States Attorney Stephen J. Murphy said, "Today's plea demonstrates the commitment of my office, U.S. EPA and the MDEQ to pursue possible violations of federal environmental laws. I commend the excellent work done by those agencies in connection with the investigation and prosecution of this case.



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George Krappmann - ATF (313) 202-3504

July 7, 2008

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**EVENT: Sentenced**

**Defendant: Jamil Ingram et al**

**DETROIT CRACK DEALER SENTENCED TO 17 YEARS IMPRISONMENT  
*Co-Defendant To Serve 10 Years In Federal Prison***

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Jamil Ingram, 28, and Donnell McKenzie, 27, both of Detroit were sentenced to 17 years imprisonment and 10 years imprisonment, respectively, in federal court today on felony drug charges, United States Attorney Stephen J. Murphy announced. Joining in the announcement was Special Agent-In-Charge Thomas E. Brandon, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Ingram and McKenzie both pleaded guilty to conspiracy to distribute more than 5 grams of crack cocaine before United States District Judge Gerald E. Rosen on March 3, 2008 and April 1, 2008, respectively. In connection with his plea, Ingram admitted that he has sold crack cocaine since he was twelve years old. Ingram was identified as a result of undercover purchases made by disguised ATF agents and Detroit Police Department officers. On March 27, 2007, Ingram sold 11 grams of crack cocaine to an undercover ATF agent for \$350. On April 6, 2007, Ingram sold another 11 grams to the same agent for an additional \$350. McKenzie admitted to participating in the March 27 undercover sale with Ingram.

This is the third drug-related conviction for both defendants. In June 1999 and again in

November 2005, Ingram was convicted in Wayne County Circuit Court of delivering/manufacturing cocaine. McKenzie was convicted in February 2002 of delivering/manufacturing cocaine and in September 2004 of felony drug possession. McKenzie was also convicted, in June 1999, of felony home invasion.

United States Attorney Murphy said, "The sentences in this case send a message that those who continue to sell drugs after being convicted of a drug offense can and will face substantial time in federal prison."

Special Agent in Charge Brandon said, "Investigations and undercover operations such as this shows ATF's commitment to reducing violent crime by working with our local law enforcement partners to rid our streets of the violent offenders that were sentenced today."

A third co-defendant, Khary Broyles, pled guilty to drug conspiracy charges in the case on February 22, 2008. Broyles admitted that he allowed Ingram to "cook" crack cocaine at Broyles' home on Telegraph Rd. in Detroit and to distributing crack on Ingram's behalf. Broyles is scheduled to be sentenced on July 10, 2008 and faces a mandatory minimum of five years imprisonment.

Project Safe Neighborhoods (PSN) Operation TIDE is the unprecedented, long-term law enforcement and community collaboration where federal, state, county and local law enforcement officials meet regularly and work in cooperation to reduce violent crimes and prevent recidivism by focusing on the "worst of the worst" in Northwest Detroit, Detroit's largest police district.

Other PSN Operation TIDE Task Force partners include the U.S. Marshals Service, the FBI, the Wayne County Sheriff's Department, the Wayne County Prosecutor's Office, and the Michigan Department of Corrections.

Citizens with information concerning illegal guns, gangs with guns, armed drug trafficking or the trafficking of illegal guns are encouraged to call 800-ATF-GUNS. Callers can



remain anonymous. This number is managed and answered by law enforcement, ATF agents who work directly with local police departments. For information about Project Safe Neighborhoods call 1-800-891-8881 or visit [www.psnworks.org](http://www.psnworks.org).

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



**U.S. Department of Justice**

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Stephen Moore, IRS CI (313) 234-2410

July 8, 2008

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**EVENT: Sentenced**

**Defendant: Demario D. Walk**

**DETROIT RESIDENT GOES TO JAIL FOR HELPING  
OTHERS DEFRAUD THE IRS**

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Demario D. Walk, 42, of Detroit, Michigan was sentenced today to one year and one day in prison followed by one year of supervised release as a result of his guilty plea to Aiding in the Preparation of a False Tax Return, announced United States Attorney Stephen J. Murphy.

Mr. Murphy was joined in the announcement by Special Agent in Charge Maurice Aouate, Internal Revenue Service Criminal Investigation.

In sentencing Walk, United States District Judge Patrick J. Duggan also ordered him to pay restitution in the amount of \$78,308 to the Internal Revenue Service.

According to court records, during 2001 and 2002, taxpayers, who were legitimate wage earners, would turn over their W-2 forms to Walk who created a false W-2 altering the amounts of monies reported on it. By inflating these amounts, the tax return, when prepared, would have maximized the Earned Income Credit, resulting in a significant income tax refund. Walk would then direct the taxpayers to a legitimate tax preparation service who would rely on the false W-2 in the preparation of their tax returns. When the refund checks became available at

the office where the tax return had been electronically filed, they would be picked up and cashed, the loan proceeds being split between the taxpayers and Walk. In one of the cases, Walk received \$2,000 in return for preparing the false W-2 which created a fraudulent claim of \$5,000.

According to the Internal Revenue Service, Walk has been identified as having caused the filing of 40 false tax returns, for the tax years 2000 and 2001, claiming refunds totaling approximately \$187,908. While most of these claims were not honored by the IRS, Walk did succeed in obtaining refunds totaling approximately \$78,308.

“Prosecution of people who prepare false W-2 forms in order to generate phony tax refunds is a form of fraud that will be met with a swift and sure prosecutorial response. Detecting, preventing, and eliminating this kind of conduct is crucial to maintaining public confidence in our tax system,” said United States Attorney Stephen J. Murphy.

“At the IRS, protecting taxpayer money is a matter we treat with extreme seriousness,” said Aouate. “No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them.

This case was prosecuted by Assistant United States Attorney Richard Delonis.



**U.S. Department of Justice**

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July 9, 2008

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**EVENT: Guilty Plea**

**Defendant: Donald Keith Solomon**

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**MT. CLEMENS MAN SENTENCED TO 15 YEARS FOR CHILD PORNOGRAPHY**

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A 39-year-old Mt. Clemens man was sentenced to 15 years imprisonment 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 (ICE) Office of Investigations in Detroit.

Donald Keith Solomon pled guilty to receipt of child pornography on April 2, 2008 before Judge John Corbett O'Meara in Ann Arbor. Solomon was first identified by federal agents in 2003 as part of their investigation into Regpay, a Belarus-based company operating child pornography websites and payment services. In June and July 2003, Solomon attempted to purchase access to websites containing child pornography videos at least 36 times.

In 1993, Solomon was convicted of Criminal Sexual Conduct – 2<sup>nd</sup> Degree after performing a sex act on a child under 13. He served a year in prison and was put on five years probation. He violated his probation in 2000 by failing to register as a sex

offender and was sentenced to another 150 days in custody.

On August 21, 2007, after Solomon again failed to register as a sex offender, state and federal agents raided his home at an apartment complex on Gibbs St. in Mount Clemens. During the resulting search, agents discovered that Solomon had been downloading child pornography through WebTV, a television-based internet service. Solomon also had stored nearly 500 images of child pornography in Yahoo and Hotmail e-mail accounts. Among the images were children younger than 12. Two days later, on August 23, Solomon was arrested and has remained in federal custody.

United States Attorney Murphy stated that, "Individuals involved with child pornography in any way – including purchasing and downloading such images – fuel an industry that abuses, hurts, and causes irreparable physical and emotional harm to young children. Our critical mission includes doing all we can to protect these children and preventing similar abuse from being visited on other potential victims. As part of that mission, we will enforce the laws that require sex offenders to register. I commend the members of our office and the investigating agency ICE who worked hard to achieve the result in this case."

This case was brought as part of Project Safe Childhood. In February 2006, the Department of Justice launched Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. Led by the United States Attorneys Offices, Project Safe Childhood marshals federal, state and local resources to better locate, apprehend, and prosecute individuals who exploit children via the Internet, as well as identify and rescue victims. For more information about Project Safe Childhood, please visit [www.projectsafechildhood.gov/](http://www.projectsafechildhood.gov/).

The case was prosecuted by Assistant United States Attorney Leonid Feller.



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July 10, 2008

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**EVENT: Guilty Plea**

**Defendant: Stephanie Head**

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**INTERNET CHILD PROSTITUTION DEFENDANT PLEADS GUILTY**

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A Detroit woman who helped run a nationwide internet child prostitution network pled guilty in federal court today, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation's Detroit field office.

Stephanie Head, a/k/a "Chocolate," 22, of Detroit pled guilty to distributing child pornography before United States District Judge Lawrence P. Zatkoff. Head admitted that she and a co-defendant, Robert Daniels, a/k/a "Motor City Mink," 28, solicited and trained minors as young as 15 to engage in prostitution.

In the course of operating the prostitution network, Head took sexually explicit photographs of minors and uploaded these photographs to Craigslist.org and other internet sites on which prostitution services were advertised. Between February 2005 and March 2008, more than 2,800 advertisements for prostitution were posted by defendants in Houston, Texas, Chicago, Illinois, Detroit, Michigan, Milwaukee, Wisconsin, Cleveland, Ohio, Washington, D.C., College Park, Maryland and New York City, New York.

Locally, Head admitted that she and Daniels rented hotel rooms in Southfield, where Head photographed minors engaged in sexually explicit conduct and also provided rooms for minors and adults to perform sex acts for money.

United States Attorney Stephen J. Murphy said, "The United States Attorney's Office and our law enforcement partners are committed to making defendants answer for crimes that exploit and abuse the most vulnerable among us, our children. Society has no tolerance for child prostitution. These children are victimized twice; first by the handlers, and second by those who solicit them."

Head will be sentenced on November 4, 2008 at 10:00 a.m.

This case was brought as part of Project Safe Childhood. In February 2006, Attorney General Alberto R. Gonzales launched Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. Led by the United States Attorneys Offices, Project Safe Childhood marshals federal, state and local resources to better locate, apprehend, and prosecute individuals who exploit children via the Internet, as well as identify and rescue victims. For more information about Project Safe Childhood, please visit [www.projectsafechildhood.gov/](http://www.projectsafechildhood.gov/).

The case is being prosecuted by Assistant U.S. Attorneys Leonid Feller and Matthew Roth.



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July 11, 2008

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**EVENT: Investigation**

**Defendant: Robert Guthrie et al**

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**FURTHER DEVELOPMENTS IN SBA LOAN FRAUD INVESTIGATION**

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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 Acting Special Agent in Charge William Callahan, United States Secret Service, Detroit Field Office.

A superseding indictment was unsealed today charging Robert Guthrie, age 39, of Southgate, Michigan and David Faraj, age 40, of Dearborn, Michigan with conspiracy to commit wire fraud, conspiracy to defraud the United States, and making false statements to the Small Business Administration (SBA). The charges all arise from an alleged scheme to obtain SBA guaranteed loans for the purchase of twelve different businesses located throughout the southeast Michigan. It is alleged that David Faraj solicited straw purchasers to apply for fraudulent loans, through the SBA. Because real estate transactions overstated the actual value of the properties, and pertinent terms of the sale were misrepresented in supporting paperwork, excess proceeds were generated from the sales and split between



coconspirators. Robert Guthrie was employed by Midwest Title Agency and acted as the closing agent for several of the SBA loans obtained by Faraj and the other coconspirators. The total value of the loans fraudulently obtained, as alleged in the superseding indictment, exceeded \$10,000,000, and many of the loans ultimately went into default. The superseding indictment was returned by a federal grand jury on July 9, 2008.

On June 25, 2008, a federal grand jury in the Eastern District of Michigan returned a superseding indictment against an accountant from Dearborn, Michigan. Abraham Nicola Nunu, age 43, is charged with conspiracy to defraud the United States, aiding and abetting the making of false statements to the SBA in connection with obtaining federally guaranteed business loans, and knowingly transferring false identification documents without lawful authority. Specifically, it is alleged that Nunu knowingly sold a gas station and convenience store owned by him to a straw purchaser for \$1.4 million, supported by an \$880,000 loan from the SBA. In connection with that loan, it is alleged that Nunu created false paperwork, such as a false gift affidavit, in order to support the straw purchaser's loan application. It is further alleged that Nunu transferred false identification documents, including IRS W-2 forms, to another individual without lawful authority. On September 19, 2007, a civil complaint for seizure was served by the United States Secret Service resulting in the seizure of more than \$1.7 million from Nunu.

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. John Engstrom and Noceebe Southern are the Assistant United States Attorneys assigned to the investigation.

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."

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



**U.S. Department of Justice**

**Stephen J. Murphy  
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Eastern District of Michigan**

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**For Immediate Release:**

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July 24, 2008

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**EVENT: Convicted**

**Defendant: Mary Kennedy Howard**

**DETROIT WOMAN GUILTY OF MAIL FRAUD  
FOR “SELLING LIES” AND FALSE DOCUMENTS**

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A Detroit woman was convicted on Wednesday, July 23, 2008 of eight counts of mail fraud for creating and selling false documentation for Chrysler hourly employees used to obtain hardship withdrawals from their deferred compensation/401K plans, United States Attorney Stephen J. Murphy announced today.

Mary Kennedy Howard, age 64, of Detroit, Michigan, was found guilty by a federal jury in Detroit after a trial before the Honorable Gerald E. Rosen, United States District Judge.

At the trial beginning July 15, 2008, the jury heard evidence that the defendant, a self-proclaimed tax preparer, prepared and submitted for her non-tax clients, mainly hourly workers from the Warren Stamping Plant, 46 hardship withdrawal requests totaling over \$590,000, based on false representations and fraudulent supporting documentation purporting to demonstrate a need for the funds recognized by the 401K plan as a legitimate basis for such withdrawals. The defendant sold these services for a fee of 10% of the proceeds obtained by the false applications, prompting the trial prosecutor to argue that the defendant was “in the business of selling lies.”

“The integrity and stability of the financial institutions in this country depend upon honesty at all levels. Making false statements and submitting fraudulent documents to such institutions has been and will continue to be addressed by this office when brought to our attention. We cannot permit the commercialization of such practices in any case,” Murphy said.

Murphy commended the work of the Special Agents from the Federal Bureau of Investigation and Department of Labor, Office of Inspector General, whose investigation resulted in this successful prosecution. The defendant will be sentenced by Judge Rosen on October 30, 2008.



**U.S. Department of Justice**

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July 25, 2008

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**EVENT: Indicted**

**Defendant: Hamid Taaid, M.D.**

**FUGITIVE MIDLAND DOCTOR  
CHARGED FOR FAILING TO REPORT TO PRISON**

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Hamid Taaid, M.D., 48, has been indicted by a federal grand jury in Bay City for failure to surrender for service of a 20-month prison sentence, United States Attorney Stephen J. Murphy announced today. Hamid Taaid had been sentenced in U.S. District Court by Judge Thomas L. Ludington on March 25, 2008 to 20 months in federal prison for defrauding Medicare and Blue Cross/Blue Shield of Michigan of over \$70,000. Dr. Taaid was subsequently ordered to surrender to a correctional facility in Youngstown, Ohio no later than July 8, 2008. He failed to do so, and his whereabouts are unknown.

Murphy was joined in the announcement by John M. Cecil, Supervisory Senior Resident Agent, Federal Bureau of Investigation - Bay City, and Thomas Spokaeski, Assistant Supervisory Agent in Charge, U.S. Department of Health & Human Services, Office of Inspector General, Office of Investigations.

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 Federal Bureau of Investigation and the

U.S. Department of Health & Human Services, Office of Inspector General. The case is being prosecuted by Assistant U.S. Attorney James A. Brunson.