



U.S. Department of Justice

**Terrence Berg
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

Oct 1, 2008

EVENT: Sentenced

Defendant: Patrick Jeffrey

**ROYAL OAK MAN SENTENCED TO 96 MONTHS
ON CHILD PORNOGRAPHY POSSESSION CHARGE**

Terrence Berg, Acting United States Attorney for the Eastern District of Michigan, announced that Patrick Jeffrey, 40, of Royal Oak, Michigan, was sentenced to 96 months in prison today in United States District Court for his conviction of Possession of Child Pornography. Jeffrey pleaded guilty to the offense on July 2, 2008 and the sentence was imposed by the Honorable Nancy G. Edmunds, who also imposed five years of supervised release, and restitution in the form of reimbursement for the cost of therapy for the victims.

The information presented to the court at the time of the plea showed that Jeffrey brought in film to the Woodward Camera store in Birmingham in order to develop pictures from the film. Employees of Woodward Camera, in preparation to print the requested pictures, found child sexually abusive pictures on the negative film and contacted the police. When the Defendant returned to Woodward Camera to pick up the film and pictures, the police arrested him.

A subsequent investigation revealed that Jeffrey had taken and developed over 20 pictures of his twin three and a half year-old daughters in sexually abusive poses that sometimes included Nazi memorabilia, such as a Nazi flag and a "battle helmet."

Acting United States Attorney Terrence Berg said, “When children are exploited sexually, and when this conduct is then preserved in a picture, the harm is also preserved and the victim subject to a continuing kind of violation. Today’s sentence shows that this kind of conduct will result in lengthy prison term.”

In imposing a sentence of 96 months, Judge Edmunds sentenced the Defendant above the advisory guideline range as established by the Federal Sentencing Guidelines.

Berg praised the work of the Birmingham Police Department and the Federal Bureau of Investigations for their aggressive and thorough investigation of this case.

Assistant United States Attorney Matthew A. Roth, handled the prosecution for the United States.



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For Immediate Release:

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Richard Isaacson - DEA (313) 234-4310

Oct 2, 2008

EVENT: Indictment

Defendant: Carlos Salguero-Bermudez et al

**TWO COLOMBIAN DRUG TRAFFICKERS EXTRADITED TO DETROIT;
INDICTED IN AN INTERNATIONAL CONSPIRACY TO SMUGGLE TONS
OF EPHEDRINE FROM SOUTH AFRICA TO MICHIGAN TO MANUFACTURE
METHAMPHETAMINE**

Two Colombian drug traffickers were extradited today from Colombia to Detroit, Acting United States Attorney Terrence Berg announced today. The two Colombian citizens, **Carlos Salguero-Bermudez** and **Ricardo Torres-Noack**, both arrived today in Detroit from Colombia after being flown into the United States. Berg also announced that Salguero-Bermudez and Torres-Noack have been charged with conspiring to smuggle tons of ephedrine into the United States for the purpose of manufacturing of methamphetamine in Michigan. The charges were set forth in an Indictment issued by a Detroit Grand Jury on June 27, 2007 that was unsealed today.

Berg was joined in the announcement by DEA Special Agent in Charge Robert Corso, of the Detroit Field Division.

Salguero-Bermudez and Torres-Noack, both Colombian citizens, were originally

arrested by members of the Colombian National Police in Bogota, Colombia on August 30, 2007 based on provisional arrest requests issued by the U.S. Embassy in Colombia. Since August 2007, the two Colombians have been held in custody in Colombia pending the outcome of extradition requests made by the United States government in September 2007.

Salguero-Bermudez and Torres-Noack are both charged in the Indictment with conspiring to import ephedrine (a chemical component of methamphetamine) into the United States, conspiring to manufacture methamphetamine, conspiring to possess ephedrine with the intent to manufacture methamphetamine, conspiring to launder money, and laundering money. The conspiracy extended from April 2006 to June 2007. Upon conviction, both of the defendants face a maximum of life in prison.

Acting United States Attorney Berg said. "Although cocaine importation from Colombia is all too common, this is the first case in the Nation where Colombian drug traffickers have been indicted for conspiring to import huge quantities of ephedrine for the purpose of manufacturing methamphetamine in the United States and also conspiring to manufacture methamphetamine. Methamphetamine is often produced in small scale makeshift labs in rural areas in the U.S. This case presents a troubling scenario, where both the key chemical component for meth, ephedrine, is being imported into the U.S. for manufacturing purposes. We will pursue such international drug trafficking very aggressively."

Robert Corso, Special Agent in Charge, Drug Enforcement Administration said, "The arrest, extradition and pending criminal prosecution of Salguero-Bermudez and Torres-Noack, in the Eastern District of Michigan, exemplifies the strong commitment that DEA and our agents have in identifying drug trafficking organizations across the globe, in order to dismantle their operations. Thanks to outstanding support from the U.S. Attorney's Office, and our strong partnership with Colombian law enforcement, Salguero-Bermudez and Torres-Noack will now face justice for their crimes in Detroit, Michigan."

Between April 2006 and June 2007, defendants Salguero-Bermudez and Torres-Noack conspired with each other and with other individuals to manufacture large quantities of methamphetamine in South Africa. The defendants and their co-conspirators were in

possession and control of tons of ephedrine, to be used in the manufacture of methamphetamine, in South Africa and other locations. The defendants were manufacturing methamphetamine in South Africa using that ephedrine. The defendant Salguero-Bermudez offered to sell ephedrine, to be used to make methamphetamine, to individuals in the Eastern District of Michigan in the United States. In October, November, and December 2006, defendant Salguero-Bermudez arranged for meetings to take place in South Africa for the purpose of negotiating the sale of large quantities of ephedrine for shipment to the Eastern District of Michigan. The ephedrine was to be used to make methamphetamine.

The case was investigated by agents of the Drug Enforcement Administration. It is being prosecuted by Assistant United States Attorney David A. Gardey.



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Oct 6, 2008

EVENT: Guilty Plea

Defendant: Glenn Blanton

**FORMER COBO CIVIC CENTER DIRECTOR PLEADS GUILTY TO
OBSTRUCTING JUSTICE DURING BRIBERY PROBE**

Glenn Blanton, 47, of West Bloomfield, formerly the Director of the Cobo Civic Center, pleaded guilty today to one count of obstruction of justice before United States District Judge Marianne O. Battani, Acting United States Attorney Terrence Berg announced today.

Berg was joined in the announcement by Andrew G. Arena, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation and Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service.

Blanton committed the obstruction of justice in November 2005 during an

FBI investigation of payments Blanton received from a contractor who held electrical, janitorial and food contracts at Cobo. Blanton attempted to conceal \$15,000 in illegal payments that he had received from the contractor in May 2005 by creating checks payable to the contractor falsely purporting to be loan repayments. In fact, Blanton had accepted the \$15,000 from the contractor knowing that the contractor expected Blanton to provide favorable treatment to the contractor in Blanton's official capacity as Director of the Cobo Civic Center.

Under the plea agreement with the government, Blanton faces up to 16 months in federal prison and a fine of up to \$30,000.

Acting United States Attorney Berg said: "Citizens have a right to expect that their public officials are performing their duties honestly and not being influenced by payments of any kind. We will continue to pursue this kind of public corruption wherever we encounter it."

The investigation of this case was conducted by the Federal Bureau of Investigation and the Internal Revenue Service. The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta and Assistant U.S. Attorney Mark D. Chutkow.



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For Immediate Release:

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Oct 6, 2008

EVENT: Guilty Plea

Defendant: Geretha Lee et al

**TWO INDIANA RESIDENTS FOUND GUILTY OF IMPORTING 6,000
METHAMPHETAMINE AND ECSTACY PILLS INTO THE UNITED STATES**

Two Indiana residents were found guilty today of importing 6,000 methamphetamine and ecstasy pills into the United States through the Detroit/Windsor Tunnel by a federal jury in Detroit, Acting United States Attorney Terrence Berg announced today.

Berg was joined in the announcement by Gurdit Dhillon, Director of Field Operations, Customs and Border Protection Service and Brian Moskowitz, Special Agent in Charge, Immigration and Customs Enforcement.

Found guilty were Geretha Lee, 31, of Indianapolis, Indiana, and Ricardo Vargas, 31, of Hammond, Indiana.

The jury deliberated over the course of one day before returning the verdict, concluding a five day trial before United States District Judge Patrick J. Duggan.

The evidence presented during the trial showed that during the late night hours of May 17, 2008, Lee entered the United States alone from Canada through the Detroit/Windsor Tunnel. U.S. Customs and Border Protection Officers inspected Lee's rental car and discovered 6,000 methamphetamine and ecstasy pills worth over \$90,000 concealed inside the body of the car. Special Agents for ICE then responded to the Tunnel during the early morning hours of May 18, 2008. Vargas, who was Lee's boyfriend, was arrested after he approached the car at 2:45 a.m. on May 18, at a store on East Jefferson Avenue in Detroit. ICE Special Agents had placed Lee's car at the location in an effort to identify co-conspirators working with Lee to import the pills into the United States.

Lee took the stand during the trial and denied any knowledge of the pills concealed in her rental car. Vargas told agents after his arrest that he was not involved with the pills, but that he had just happened upon his girlfriend Lee's rental car after Lee had traveled to the Windsor Casino, leaving Vargas behind in Detroit.

In its verdict, the jury found Lee and Vargas guilty of conspiring to import and to possess with intent to distribute methamphetamine and ecstasy. In addition, both Lee and Vargas were convicted of importing and possessing with

intent to distribute the 6,000 pills. Finally, Vargas was convicted of attempting to possess with intent to distribute methamphetamine and ecstasy.

All five charges are felonies, and all five charges carry maximum sentences of life imprisonment.

A date for the sentencing hearing for both defendants will be set by the Court. Because of a prior drug trafficking conviction and the amount of methamphetamine involved in the offenses, Vargas is facing a mandatory minimum sentence of twenty year imprisonment. Lee faces a mandatory minimum sentence of ten years imprisonment because of the amount of methamphetamine involved. Lee and Vargas also face possible fines of \$4,000,000 on each count of conviction.

Acting United States Attorney Berg said, “The jury’s verdict today should give pause to anyone thinking about attempting to smuggle methamphetamine and ecstasy across our borders from Canada. They should realize that justice will be swift and the potential penalties will be significant.”

The case was investigated by agents of United States Immigration and Customs Enforcement and officers of United States Customs and Border Protection. It was prosecuted by Assistant United States Attorney David A. Gardey.



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Oct 7, 2008

EVENT: Mult-Agency Mortgage Fraud Task Force

**ACTING U.S. ATTORNEY BERG ANNOUNCES THE FORMATION OF
MULTI-AGENCY MORTGAGE FRAUD TASK FORCE**

Acting United States Attorney Terrence Berg announced today the formation of a multiagency task force set up to take aim on the escalating problem of mortgage fraud in the Eastern District of Michigan. Mr. Berg was joined by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation (FBI).

As mortgage fraud continues to have significant consequences that affect the housing market, law enforcement has stepped up its commitment to fighting this insidious crime. To increase the resources being dedicated to investigate and prosecute mortgage fraud, Berg announced that 16 federal, state, and local agencies and three financial institutions have joined forces to coordinate their efforts, share information, and target the most significant violators committing fraud in connection with mortgage lending and the housing market, all of which have a significant impact on Michigan's economy.

Acting United States Attorney Berg said, "With Metro Detroit being at the top of nearly every list in terms of mortgage fraud and home foreclosures, we need a full-court press that brings all the federal, state, and local law enforcement agencies, the regulators and the major

banks together to go after the big mortgage fraud players. I want to commend the leadership of the FBI in Detroit for taking the initiative on this project, and also recognize the participation of our private sector partners. I am very encouraged by the commitment of the Task Force members.”

The agencies participating in the Mortgage Fraud Task Force, which held their first meeting October 2, 2008 in the U.S. Attorney’s Office, include Federal Bureau of Investigation, Wayne County Register of Deeds – Deed Fraud Unit, Wayne County Sheriff’s Department, Wayne County Prosecuting Attorney, Washtenaw County Clerk/Register of Deeds, Oakland County Register of Deeds, State of Michigan Office of Financial Regulation, State of Michigan Attorney General’s Office, U.S. Department of Housing and Urban Development – Office Inspector General, United States Postal Inspection Service, Internal Revenue Service, Federal Deposit Insurance Corporation – Office of Inspector General, U.S. Department of Agriculture- Office of Inspector General, Small Business Administration- Office of Inspector General, the U.S. Trustee Program, Flagstar Bank, JP Morgan Chase Bank, and Bank of America.

The Task Force will concentrate their efforts in the distinct area known as “fraud for profit” or “industry-insider”. This fraud involves the skimming of equity, falsely inflating the value of the property through false appraisals and the issuance of loans on fictitious properties. Based on existing investigations and mortgage fraud reporting, roughly 90 percent of all reported losses involve collaboration or collusion by industry insiders.

The Task Force and its partners recommend that potential and existing homeowners follow the below-listed tips to protect against mortgage fraud:

1. Get referrals from real estate and mortgage professionals. Check licenses of the industry professionals with state, county, or city regulatory agencies.
2. An outrageous promise of extraordinary profit in a short period of time should signal a problem. If it sounds too good to be true, it probably is.
3. Be wary of strangers and unsolicited contacts, as well as high-pressure sales

techniques.

4. Get written information that includes recent comparable sales in the area, and other documents such as tax assessments to verify the value of the property.
5. Understand what you are signing. Check your information against the information in the loan documents to ensure they are accurate and complete. If you do not understand something, asks questions, or seek the assistance from an attorney.
6. Make sure the name on your application matches the name on your identification.
7. Review the title history to determine if the property has been sold multiple times within a short period. It could mean that this property has been “flipped” and the value falsely inflated.
8. Never sign any loan documentation that contains blanks. This leaves you vulnerable to fraud.

Additional information can be found on the FBI’s website at www.fbi.gov, search Malicious Mortgage Fraud.

To report illegal activity related to mortgages in Detroit or anywhere in Michigan; please call the Detroit Metro Mortgage Fraud Hotline at 313-237-4530, on the internet at www.tips.fbi.gov, or the Wayne County Register of Deeds’ Deed Fraud Hotline at 313-224-5869.



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Oct 7, 2008

EVENT: Indictment

Defendant: Rynell Rodnie Roberts

GRAND JURY RETURNS NINE-COUNT INDICTMENT

Three Armed Bank Robberies and One Attempted Bank Robbery Among Charges

A federal grand jury has returned a nine-count indictment against Rynell Rodnie Roberts of Detroit, Acting United States Attorney Terrence Berg announced today. Berg was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation's Detroit field office.

The indictment charges Roberts with committing three armed bank robberies and attempting a fourth:

- September 3, 2008 – Charter One Bank, 28797 Woodward Avenue, Berkley, stealing approximately \$4,160;
- September 18, 2008 – Charter One Bank, 28797 Woodward Avenue, Berkley, stealing approximately \$3,910;
- September 26, 2008 – Bank of America, 3528 Fort Street, Lincoln Park, stealing approximately \$6,000; and

- August 28, 2008 – Chase Bank, 23210 Ford Road, Dearborn, attempted bank robbery.

Roberts is also charged with four counts of using and carrying a firearm during and in relation to a crime of violence. Roberts discharged a firearm during the September 26, 2008 Bank of America robbery. Finally, Roberts is charged with being a felon-in-possession of a firearm in connection with the bank robberies.

Roberts was arrested in this case on September 26, 2008, after attempting to flee from local law enforcement officers immediately after robbing Bank of America.

Acting United States Attorney Terrence Berg said, “The charges today are serious: they address a spree of bank robberies that included the discharging of a firearm. Federal crimes that involve serious violence and any sort of shooting will jump to the top of our priority list. I commend the exemplary work of the FBI for the work they did in investigating this case.”

Each of three counts of bank robbery and the count of attempted bank robbery is punishable by up to 20 years imprisonment and a \$250,000 fine. The first firearm count is punishable by a sentence of between 5 to 10 years imprisonment. Each of the three subsequent firearm counts is punishable by a mandatory sentence of 25 years imprisonment, each to be served consecutively to one another. The offense of felon-in-possession of a firearm is punishable by up to 10 years imprisonment and a \$250,000 fine.

An indictment is only a charging document and is not evidence of guilt. A defendant is presumed innocent and it is the government's burden to prove guilt beyond a reasonable doubt.

The case is being prosecuted by Assistant U.S. Attorneys Leonid Feller and Louis Gabel.



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Oct 14, 2008

EVENT: Guilty Plea

Defendant: Ali Haidous

**APPRAISER PLEADS GUILTY IN \$1.9 MILLION MORTGAGE FRAUD
SCHEME**

A Dearborn real estate appraiser pled guilty to conspiracy to commit bank fraud today in connection with a multi-million dollar mortgage fraud scheme, Acting United States Attorney Terrence Berg announced. Berg was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation in Detroit.

Ali Haidous, 25, admitted to inflating appraisals for co-defendant Hassan Nagi, 30, a mortgage broker from Dearborn Heights. According to Haidous, Nagi worked as a mortgage broker and was responsible for submitting false and fraudulent applications to obtain the mortgages for "straw buyers." Haidous admitted to being paid \$1,000 – rather than his usual fee of \$300-\$500 – for each fraudulent appraisal.

Sixteen total properties located in Detroit, Dearborn, and Dearborn Heights were

implicated in the mortgage fraud scheme between April 2005 and April 2008. Mortgages on the properties issued by Countrywide Financial, Washington Mutual, Fifth Third Bank, and other financial institutions totaled \$1.9 million.

"Mortgage fraud attacks our financial institutions and increases the cost of home ownership for all Americans," Berg said. "We are all victims of these kinds of crimes, which have been a significant problem in our area. We will continue to pursue these cases tirelessly to ensure that those who commit fraud are brought to justice."

"We remain dedicated to preventing mortgage fraud and putting unrelenting pressure on these criminal groups," Arena said.

Conspiracy to commit bank fraud is punishable by up to 30 years imprisonment and a \$1 million fine. Pursuant to a plea agreement, Haidous faces a sentencing range of 41-51 months imprisonment. Sentencing is scheduled for February 2, 2009 at 10:30 a.m. before Judge Goerge Caram Steeh.

Nagi, along with two other defendants, Safi Bzeih, 35, of Dearborn, and Hussein Aoun, 23, of Dearborn Heights, are scheduled for trial on December 11, 2008.

The case is being prosecuted by Assistant U.S. Attorney Leonid Feller.

To report illegal activity related to mortgages in Detroit or anywhere in Michigan; please call the Detroit Metro Mortgage Fraud Hotline at 313-237-4530, on the Internet at www.tips.fbi.gov, or the Wayne County Register of Deeds' Deed Fraud Hotline at 313-224-5869.



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Oct 14, 2008

EVENT: Settlement

Defendant: Carlton Myers and Sweeteners Plus, Incorporated

**CARLTON MYERS AND SWEETENERS PLUS, INCORPORATED
PAY \$5,000,000 TO SETTLE CIVIL MONETARY PENALTY**

Carlton Myers and Sweeteners Plus, Incorporated have agreed to pay \$5 million to settle a civil monetary penalty for their participation in a scheme to import sugar into the United States from Canada while evading the tariff rate quota on imported sugar, Acting United States Attorney Terrence Berg announced today.

This action alleged that the defendants participated in a scheme to evade the tariff rate quota on Canadian sugar. The scheme began with a related Canadian importer and U.S. consignee located in Detroit, Michigan. These entities, later criminally convicted for their involvement in the scheme, added large gelatin beads to the sugar in Canada and then invoiced the merchandise upon importation as a non-quota sugar/gelatin food item. After importation and release by U.S. Customs, the merchandise was subjected to a screening process whereby the gelatin was sifted and removed from the sugar. The screened sugar was sold to Sweeteners Plus, Lakeville, New York, and the gelatin was returned to Canada to be

mixed with more imported sugar. Sweeteners Plus completed the scheme by liquefying and selling the imported sugar to various customers in the U.S. food processing industry.

Acting U.S. Attorney Terrence Berg said. "The agreement reached in this civil action prevents the defendants from benefitting financially from their wrongdoing. Our Civil Division left no stone unturned in pursuing this matter and ensured that an appropriate penalty has been paid."

The settlement announced today ends a civil lawsuit filed in May 2005.

This matter was investigated by the U.S. Customs and Border Protection. The United States was represented in the civil case by Assistant United States Attorney Julia Caroff Pidgeon and Customs And Border Protection Agency Counsel Katherine Kramarich.



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Oct 14, 2008

EVENT: Indictment

Defendant: Chilakamarri Ramesh, M.D., et al

**WEST BLOOMFIELD PSYCHIATRIST, TWO OTHERS,
INDICTED FOR CITIZENSHIP FRAUD CONSPIRACY**

Defendant Alleged To Have Signed 953 False Citizenship Application Documents

A nine-count superseding indictment charging three defendants with conspiracy and naturalization fraud was returned by a federal grand jury this morning, Acting United States Attorney Terrence Berg announced. Berg was joined in the announcement by Brian M. Moskowitz, Special Agent-In-Charge of the Immigration and Customs Enforcement (ICE) Office of Investigations in Detroit.

According to the indictment, Chilakamarri Ramesh, M.D., 54, of West Bloomfield, signed 953 false and fraudulent N-648 waiver forms on behalf of approximately 492 citizenship applicants located in or near Dearborn, Cleveland, St. Louis, and Chicago. An N-648 waiver form allows an applicant to seek and obtain United States citizenship without passing the English-proficiency portion of the naturalization exam. The indictment charges that Ramesh falsely diagnosed these individuals as suffering from mental defects – primarily mental

retardation, post-traumatic stress disorder, learning disabilities, and/or dementia – to help them avoid the English-language exam.

Also indicted in the case today were Walid Salah, Ph.D. and Samir Al-Kilaine, of New Jersey. Salah, a fugitive in Jordan, is alleged to have solicited and received sums of money – generally ranging from \$500 to \$2,300 – from citizenship applicants for the false waivers. Al-Kilaine is charged with acting as an Arabic-language interpreter between Ramesh and the citizenship applicants as well as accompanying the applicants to the INS office in Detroit for naturalization interviews knowing that the applicants had submitted false and fraudulent N-648s with their citizenship applications.

All three men are charged with operating the citizenship fraud conspiracy out of a now-defunct business called 4A's Hope, located at 10334 West Warren, Dearborn, Michigan.

Acting U.S. Attorney Terrence Berg said, "We must be vigilant to prevent fraud in connection with citizenship applications. Those who seek the privilege of becoming U.S. citizens must do so honestly and without any misrepresentations."

"We remain dedicated to preventing citizenship fraud and putting unrelenting pressure on these criminal groups," Moskowitz said.

An indictment is a charging document and not evidence of guilt. Each and every defendant is presumed to be innocent.

Ramesh will appear for arraignment in federal court on October 16. A trial is scheduled for November 17 before Judge Julian A. Cook, Jr.

The case is being prosecuted by Assistant U.S. Attorneys Leonid Feller and Jonathan Tukel.



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Oct 15, 2008

EVENT: Indictment

Defendant: Fouad Tanana et al

**TWO DEARBORN RESIDENTS CHARGED
WITH FOOD STAMP FRAUD**

Acting United States Attorney Terrence Berg announced that Fouad Tanana, age 26, and Hassan El-Moussaoui, age 37, both of Dearborn, were indicted by a federal grand jury in Detroit on charges of food stamp fraud. The indictment alleges a scheme to defraud the United States Department of Agriculture ("USDA") of approximately \$274,000 in Food Stamp Program benefits. Tanana and El-Moussaoui, engaged in the fraud during 2004 until 2007, while working at Fox Mini Mart, Detroit, MI.

Mr. Berg was joined in the announcement by Joe N. Smith, Special Agent in Charge, United States Department of Agriculture - Office of Inspector General and Maurice Aouate, Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division.

The indictment alleges that the defendants illegally paid food stamp beneficiaries cash in exchange for the food stamp benefits held via their EBT (Electronic Benefit Transfer) debit

cards. As noted in the indictment, the defendants typically paid 50% for the amount charged to the USDA Food Stamp Program – for example if a beneficiary wanted \$20.00 in cash, the defendants would charge the food stamp card \$40.00. The USDA would then unwittingly reimburse the store where the defendants worked \$40.00 – thinking that a legitimate transaction for food had taken place.

Under federal law, food stamps cannot be traded or sold for cash, and they cannot be used to buy non-food items such as gasoline, tobacco or alcoholic beverages.

Acting USA Berg said, “The food stamp program is intended to provide millions of low income American families with their nutritional needs. However, abuse by some stores threaten the integrity of the entire program and this office will aggressively pursue those who seek to destroy it.”

Special Agent in-Charge Smith said; "The USDA Office of Inspector General, Office of Investigations, is committed to aggressively investigating the criminal activities of store owners and employees who deprive needy citizens of the Detroit metropolitan area access to nutritious meals. We appreciate the assistance from our partners in the Federal and state law enforcement community."

Special Agent in Charge Aouate said, “IRS Criminal Investigation's unique role is to follow the money and identify those guilty parties who are financial benefitting from these illegal actions. Working with the United States Department of Agriculture Office of Inspector General and our other law enforcement partners, we will make sure that there are stiff consequences to these types of fraudulent activities that prey on the people that can least afford it.”

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. If convicted, the defendants face penalties of up to 20 years' imprisonment and a \$250,000 fine.

The case was investigated by special agents of the United States Department of Agriculture Office of Inspector General, and the United States Internal Revenue Service, Criminal Investigation Division.



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Khaalid Walls- ICE (313) 226-0726
Sandra Berchtold - FBI (313) 237-206

Oct 15, 2008

EVENT: Guilty Verdict

Defendant: Guan Chen et al

**ANN ARBOR RESTAURANT OWNERS
FOUND GUILTY OF HARBORING ILLEGAL ALIENS**

Guan Chen, 43 and Hoa Le Chen, 42, both of Ypsilanti were found guilty today by a federal jury in Detroit of harboring illegal aliens, announced Acting United States Attorney Terrence Berg.

Mr. Berg was joined in the announcement by Brian Moskowitz, Special Agent in Charge, Immigration and Customs Enforcement, and Andrew Arena, Special Agent in Charge of the Detroit Field Office of the Federal Bureau of Investigation.

The jury deliberated for less than three hours before returning the verdict, concluding a four day trial that began on October 7, 2008, with jury selection before United States District

Judge Gerald E. Rosen.

The evidence at trial showed that the Chens operated a Chinese restaurant called New Garden Buffet located in Ann Arbor, Michigan. Agents from Immigration and Customs Enforcement and the Federal Bureau of Investigation began an investigation in 2006 into harboring of illegal aliens at the Chen's home. In January, 2007, agents discovered three Hispanic men living in the basement of the Chen's residence. The investigation revealed that the aliens had been living with the Chens for several months. The Chens later admitted they knew the men were in the country illegally and that they allowed them to work in the kitchen of their restaurant.

Acting U.S. Attorney Berg said, "Employers and business owners play an important role in complying with and enforcing the federal immigration laws. When employers abuse the workplace by making it a haven for illegal immigration, they make it harder for the government to enforce the law. Today's verdict shows that such conduct can result in serious consequences for the business owner."

The case was prosecuted by Assistant United States Attorneys Jeanine Jones and Regina McCullough. The case was investigated by ICE and the FBI.



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Oct 15, 2008

EVENT: Sentenced

Defendant: Salvador Hernandez-Cordova

**ILLEGAL ALIEN SENTENCED TO 96 MONTHS
FOR UNLAWFUL RE-ENTRY INTO UNITED STATES**

A 36-year-old Mexican citizen who returned illegally to the United States after having been previously deported after having been convicted of several felonies in Michigan and in Wisconsin was sentenced today to 96 months' in federal prison, Acting United States Attorney Terrence Berg announced.

Salvador Hernandez-Cordova who has lived recently in Adrian, Michigan, was sentenced by United States District Judge Gerald E. Rosen.

Hernandez-Cordova originally came to the United States at the age of eighteen entering illegally in 1992 near El Paso, Texas. From 1994 to 2004, he was convicted of household burglaries, auto theft, and receiving stolen property in Milwaukee and Detroit. In May of 2005, he was deported to Mexico after serving his sentences.

Hernandez-Cordova reentered the United States illegally again in December 2005 near El Paso. He was later convicted for breaking into an automobile in Dearborn, resisting an officer in Milwaukee, and parole violation for a prior Michigan offense.

Hernandez-Cordova pleaded guilty before Judge Rosen to the offense of unlawful reentry after deportation for an aggravated felony. It is expected he will be deported again after serving his sentence in federal prison.

Acting United States Attorney Berg said, "Illegal entry after deportation is a serious enough federal crime, but any persons with a violent criminal past who try to re-enter the United States should realize that a long period of incarceration, such as the one imposed in this case, is what awaits them."

The case was investigated by special agents of the Bureau of Immigration and Customs Enforcement and prosecuted by Assistant United States Attorney Michael R. Mueller.



U.S. Department of Justice

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Eastern District of Michigan**

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For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Oct 16, 2008

EVENT: Indictment

Defendant: David Earl Ferguson

**GRAND JURY RETURNS INDICTMENT AGAINST REGISTERED SEX OFFENDER
FOR POSSESSION OF CHILD PORNOGRAPHY**

David Earl Ferguson, 62, of Dundee, Michigan, was arraigned on an indictment charging him with Possession of Child Pornography, Acting United States Attorney Terrence Berg announced today.

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

The indictment charges that between October 1, 2007 and April 10, 2008, Ferguson possessed over 1,000 images of child pornography on his laptop computer. Ferguson was convicted in 1996 of two counts of Fourth Degree Criminal Sexual Conduct involving a minor and is a registered sex offender.

Acting United States Attorney Terrence Berg said, "The exploitation of children through child pornography is serious criminal conduct, particularly if the violation involves a defendant with a history of such crimes."

The charge in the indictment returned Tuesday is punishable by a mandatory minimum sentence of 10 in prison, up to 20 years, and/or a \$250,000 fine.

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.

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/.

The case was investigated by special agents of the FBI. The case is being prosecuted by Assistant U.S. Attorney Mark Chasteen.



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Oct 16, 2008

EVENT: Indictment

Defendant: Nazeer Hamadneh et al

FOUR CHARGED IN VISA FRAUD AND WITNESS TAMPERING SCHEME

A federal Indictment was unsealed today in Detroit charging four individuals with conspiracy to commit mail fraud, mail fraud, witness tampering, conspiracy to commit visa fraud and visa fraud announced Terrence Berg, Acting United States Attorney for the Eastern District of Michigan.

Berg was joined in the announcement by Andrew G. Arena, Special Agent in Charge of the FBI and Brian Moskowitz, Special Agent in Charge of Immigration and Customs Enforcement.

Charged in the 24-count indictment are Nazeer Hamadneh, 40, of Dearborn, Abbas Obeid aka Adam Obeid, 34, of Ontario, Canada, Roni Aoub, 27, of Southfield, and Majed Mamo, 40, of Wixom, Michigan.

According to the indictment, during August 2000 and continuing through August 2008, the defendants conspired to defraud educational institutions such as Lawrence Technological University in Southfield and Madonna University in Livonia by submitting fraudulent undergraduate transcripts so that individuals, who paid a fee to the conspirators, would fraudulently obtain transfer credits from those institutions. These credits were applied toward undergraduate degrees, and so that individuals would be accepted for enrollment in graduate programs. The indictment also alleges that, in exchange for money, the conspirators submitted fraudulent undergraduate transcripts to medical schools located in the Caribbean and Belize on behalf of students who otherwise had insufficient undergraduate credits to enter medical school. The indictment alleges that as a result of the defendants' actions, students were admitted to medical school based on the submission of fraudulent undergraduate transcripts.

In addition, the indictment alleges that defendants Nazeer Hamadneh and Abbas Obeid conspired to submit and submitted fraudulent documents on behalf of foreign students in order to obtain student visas for them.

The indictment further alleges that defendants Nazeer Hamadneh and Majed Mamo tampered with witnesses in an effort to prevent witnesses from providing truthful information to law enforcement.

Acting U.S. Attorney Berg said, "Making phony transcripts to deceive a university into granting college credits, or even admission to medical school, to completely unqualified students is a kind of fraud that could have all sorts of dangerous consequences, but this case also involved fake student visas as well. Our office will continue to be vigilant in pursuing all types of immigration fraud."

"Individuals who buy and sell fraudulent college credits not only cheat the educational system; but when used for medical school admissions may endanger public health. Additionally, this undermines the student visa program by allowing individuals into this country who fail to follow through on their obligation to continue their higher education," said Andrew G. Arena, Special Agent in Charge of the FBI Detroit Field Office.

"Institutions of higher learning are critical to the advancement of our society and our way of life. Individuals who gain entry into a college or university through fraud undermine the vetting process and depending upon the profession could put the public at risk" said Brian M. Moskowitz, Special Agent in Charge of the ICE Office of Investigations for Michigan and Ohio. "ICE will continue to work with our partners to close this vulnerability."

The conspiracy to commit mail fraud count and each of the mail fraud counts carry a maximum penalty of 20 years' imprisonment and a \$250,000 fine. The conspiracy to commit visa fraud count carries a maximum penalty of 5 years' imprisonment and a \$250,000 fine. Each of the visa fraud counts carries a maximum penalty of 15 years' imprisonment and a \$250,000 fine. Each of the witness tampering counts carries a maximum penalty of 20 years' imprisonment and a \$250,000 fine.

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 indictment is the result of a joint investigation by the Federal Bureau of Investigation and Immigration and Customs Enforcement. This case is being prosecuted by Assistant U.S. Attorney Cathleen Corken.



U.S. Department of Justice

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Oct 16, 2008

EVENT: Guilty Plea

Defendant: Sally Scheall

**STANDISH WOMAN PLEADS GUILTY
TO PREPARING A FALSE TAX RETURN**

Sally Scheall, 45, of Standish, Michigan, pleaded guilty to willfully aiding and assisting in the preparation of false and fraudulent tax return, announced Acting United States Attorney Terrence Berg.

Berg was joined in the announcement by Special Agent in Charge Maurice M. Aouate, Internal Revenue Service Criminal Investigation Division.

According to court records, during 2004 through 2006, Scheall willfully prepared 123 tax returns claiming Schedule "A" deductions in amounts that she knew were materially false and that the taxpayers were not entitled to claim. The resulting tax losses to the Internal Revenue Service totaled over \$230,000. All of these false and fraudulent tax returns were electronically filed with the Internal Revenue Service by Scheall. By filing these fraudulent tax returns, Scheall caused the IRS to issue inflated refunds to the taxpayers.

Acting United States Attorney Berg said, "This case clearly demonstrates my office's commitment to aggressively prosecute tax fraud. I commend the vigilance of the IRS in detecting this type of crime. We will take all appropriate actions against those who prepare fraudulent tax returns."

"No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them," said Aouate. "At the IRS, protecting taxpayer money is a matter we take extremely seriously."

Scheall is scheduled to be sentenced on January 22, 2009, 3:00 pm, in front of United States District Court Judge Thomas L. Ludington, Bay City, Michigan.

Aiding and assisting in the preparation of false and fraudulent tax returns carries a maximum penalty of three years and \$250,000 fine per count.

Acting United States Attorney Berg thanked the IRS Criminal Investigation for their investigation of the case. The case is being prosecuted by the United States Attorney's branch office in Bay City, Michigan.



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Oct 16, 2008

EVENT: Sentenced

Defendant: William Ibianski

COPPER AND BRASS EXECUTIVE SENTENCED TO 30 MONTHS

A 47-year-old Warren, Michigan man was sentenced to 30 months' imprisonment on charges of interstate transportation of a security taken by fraud, Acting United States Attorney Terrence Berg announced today.

William Ibianski was sentenced in U.S. District Court by Judge David Lawson. In addition to the prison sentence, Ibianski was ordered to serve 3 years' supervised release and to pay restitution of more than \$1.1 million.

The indictment charges that from 1999 through 2004, Ibianski, the Corporate Tax Director at Copper and Brass Sales, Inc. (a unit of ThyssenKrupp Materials NA, Inc.), engaged in a conspiracy to steal \$1,116,102.73 from Copper and Brass. Ibianski caused Copper and Brass to issue 75 checks payable to another person or his company (World Class Engineered Products), who had no business relationship with Copper and Brass. The indictment alleged that the checks were a way for Ibianski to repay loans to cover his gambling

losses.

Acting U.S. Attorney Berg said, "Today's sentence demonstrates that when a corporate insider steals over \$ 1 million from his own company, he can expect to do serious time in federal prison. I commend the FBI for their excellent investigative work on this matter."

Acting U.S. Attorney Berg thanked the agents of the Federal Bureau of Investigation and ThyssenKrup for their cooperation. The case was prosecuted by Christopher Varner.



U.S. Department of Justice

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Oct 17, 2008

EVENT: Guilty Plea

Defendant: Frank Tribble

SECOND GUILTY PLEA ENTERED IN RALSKY SPAM CONSPIRACY

A Los Angeles, California resident pleaded guilty today in federal court in Detroit for his role in a wide-ranging international fraud scheme involving the illegal use of bulk commercial emailing, or “spamming,” and stock market manipulation, announced Acting United States Attorney Terrence Berg.

Mr. Berg was joined in an announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation, Special Agent in Charge Maurice M. Aouate, Internal Revenue Service Criminal Investigation and Inspector in Charge Joseph Pirone, U.S. Postal Inspection Service.

Frank Tribble, 41, of Los Angeles, California, pleaded guilty to Conspiracy, Fraud in Connection with Electronic Mail (“CAN-SPAM”), Mail and Wire Fraud, along with Wire Fraud and Money Laundering.

Acting U.S. Attorney Terrence Berg said, “Using the Internet to manipulate the stock market through spam e-mail campaigns is a serious crime. This defendant was an expert in

stock market manipulation, and offered his services to the Alan Ralsky spamming conspiracy, which is charged with sending e-mail through proxy computers, using false e-mail headers, and touting Chinese penny stocks.”

Andrew G. Arena, Special Agent in Charge, Federal Bureau of Investigation said, “Cyber crime investigations are a top priority of the FBI and we will continue to aggressively investigate those individuals who use and hide behind computers to commit various crimes.” Maurice M. Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation said, “In today’s competitive international business world, there will always be a select few who illegally manipulate the system for their own profit,” said Aouate. “IRS CI will continue to diligently follow the money and assist in the seizure and forfeiture of any ill-gotten gains from their illegal business practices.”

According to court records and information provided to the Court at the time of the plea, from January 2004 through September 2005, Tribble conspired with Alan Ralsky and others to send tens of millions of unsolicited bulk commercial electronic mail (“spam”) promoting thinly traded stocks for Chinese companies. The emails contained false header information and were sent through proxy computers. Tribble admitted that he provided advice on when to sell the stock after the spam e-mail advertisements had been sent, in order to maximize their profits. Tribble stated that he made \$2.2 million in proceeds from the stock manipulation scheme between July through September 2005.

In July 2005, Tribble communicated via e-mail with coconspirator Scott Bradley, and discussed payments related to spam that was sent for the purpose of promoting the stock of several Chinese companies. In a single transaction in July 2005, Tribble transferred or caused others to transfer over \$200,000.00 in proceeds from the stock manipulation scheme from a bank in Hong Kong to Standard Federal Bank in Michigan.

The charges arose after a three-year investigation which revealed a sophisticated and extensive spamming operation. As alleged in the indictment, this conspiracy promoted a stock “pump and dump” scheme, in which the defendants sent spam touting thinly traded Chinese

penny stocks, drove up their stock price, and reaped profits by selling the stock at artificially inflated prices. According to the indictment, the defendants used various illegal methods in order to maximize the amount of spam that evaded spam-blocking devices and tricked recipients into opening, and acting on, the advertisements in the spam. These included using falsified “headers” in the email messages, using proxy computers to relay the spam, using falsely registered domain names to send the spam, as well as making misrepresentations in the advertising content of some of the underlying email messages.

This is the second guilty plea this week in the *U.S. v. Alan Ralsky, et.al.* investigation, with Judy Devenow, of Lansing, Michigan pleading guilty to Conspiracy, Fraud in Connection with Electronic Mail (“CAN SPAM”), Mail and Wire Fraud, along with Aiding and Abetting Electronic mail Fraud.

The case is being prosecuted by Acting United States Attorney Terrence Berg and Trial Attorneys Tomas Dukes and Mona Spivack of the Computer Crime and Intellectual Property Section of the Criminal Division of the Department of Justice in Washington, D.C.



U.S. Department of Justice

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Oct 21, 2008

EVENT: Guilty Plea

Defendant: Michael Panyard et al

**COMPANY EXECUTIVES AND EMPLOYEE OF MICHIGAN WASTEWATER TREATMENT
COMPANY FOUND GUILTY OF
ILLEGALLY DISCHARGING UNTREATED LIQUID WASTES**

Michael Panyard and Bryan Mallindine, both former executives of Comprehensive Environmental Solutions, Inc. (CESI), a company that operates an industrial waste treatment and disposal facility in Dearborn, Mich., and Charles Long, a former manager at the facility, were found guilty today of ten felony counts following a three week jury trial in Detroit before U.S. District Judge Victoria A. Roberts, announced Ronald J. Tenpas, Assistant Attorney General for the Justice Department's Environment and Natural Resources Division and Terrence Berg, Acting U.S. Attorney for the Eastern District of Michigan.

The three were found guilty of conspiracy, violations of the Clean Water Act, and false statements and obstruction in connection with illegal discharges of millions of gallons of

untreated liquid wastes from the facility.

According to the evidence presented during the trial, CESI had a permit to treat liquid industrial waste brought to the facility from throughout the Midwest and Canada, through a variety of processes, and then discharge it into the Detroit sanitary sewer system. The facility contained twelve large above-ground tanks capable of holding more than 10 million gallons of liquid industrial wastes.

During the period of January 2001 to June 2002, facility employees routinely bypassed the facility's treatment system in order to discharge untreated liquid wastes directly into the sanitary sewer system. Through most of this time, the facility had no operable equipment to treat incoming liquid wastes and the 10 million gallon tank farm was full, with virtually no capacity to store additional liquid wastes. Nonetheless, the facility continued to accept over 16 million gallons of liquid industrial waste-streams for purported treatment and disposal. Because the facility had no space available for this additional waste, nor equipment to treat it, company employees discharged nearly 13 million gallons of untreated liquid waste into the sanitary sewer in violation of the Clean Water Act, the facility's permit and the consent order under which the facility operated.

Evidence at trial further showed that the defendants took steps to conceal the lack of treatment from customers and regulatory officials, including Detroit Water and Sewerage Department personnel, through false statements, tampering with legally required compliance samples, and obstruction. After an oil release to the Rouge River in April 2002, caused a large team of federal, state and local officials to investigate the source of the release, facility employees, based on the authorization and consent of Mallindine, cemented over a floor drain at the facility, which was a potential outlet for discharges of oily wastes to the sewer.

"Today's result emphasizes the importance of compliance with laws and regulations designed to protect the environment," said Assistant Attorney General Tenpas. "Vigorous enforcement ensures that companies in the waste treatment business compete on an even playing field, that industrial customers can be confident that their wastes are being properly handled, and

that the public enjoys a safe clean environment."

"The defendants not only illegally dumped millions of gallons of oil based industrial waste into the sewer system, but also engaged in a concerted effort to cover it up," said Randall Ashe, Acting Special Agent in Charge for EPA's Criminal Investigation Division in Chicago. "Today's convictions show that the public has no tolerance for those who commit environmental crimes."

An additional plant manager pleaded guilty earlier this year to violating the Clean Water Act and has not yet been sentenced.

On Sept. 4, 2008, CESI pleaded guilty to related charges and agreed to pay a fine of \$600,000, plus an additional \$150,000 to fund a community service project for the benefit, preservation and restoration of the environment and ecosystems in the waters adjoining the Rouge River and the Detroit River. In addition to accepting responsibility today for its past misconduct, CESI, which is under new management, has taken a number of steps during the last several years to install new equipment and systems to treat liquid industrial waste before it is discharged to the sewer.

As a condition of probation, CESI has agreed to abide by the terms of a consent order with the Michigan Department of Environmental Quality for the cleanup of the facility, at an estimated cost of about \$1.5 million, which includes the proper disposal of the liquid waste previously stored in the facility's tank farm. CESI has further agreed to develop, adopt, implement and fund an environmental management system/compliance plan at its facility, which will include an annual program to train employees on environmental compliance and ethics to ensure that all CESI employees understand the requirements imposed by the facility's discharge permit.

The case was investigated by special agents of the U.S. Environmental Protection Agency Criminal Investigation Division with the assistance of the Federal Bureau of Investigation, as a part of the Detroit Multi Agency Environmental Crimes Task Force. The case is being prosecuted by Assistant U.S. Attorney Mark Chutkow, Senior Counsel James Morgulec of the

Justice Department's Environment and Natural Resources Division, and U.S. EPA Regional Criminal Enforcement Counsel David Mucha.



U.S. Department of Justice

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Oct 22, 2008

EVENT: Indictment

Defendant: Ernest Adam Csolkovits

**Bloomfield Hills Man Indicted For Fraud
In Connection With Rodenticide Business**

Acting United States Attorney Terrence Berg announced that a federal Grand Jury has returned an indictment charging a Bloomfield Hills man with 16 counts of wire fraud, one count of engaging in monetary transactions in criminally derived property, one count of impeding the IRS, and one count of the use of false documents.

Ernest Adam Csolkovits, 52, of Bloomfield Hills, Michigan the owner of W.H.I.C. – USA, Inc., currently located in Wixom, Michigan, was arraigned today on the charges in United States District Court.

Mr. Berg was joined in an announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation and Special Agent in Charge Maurice M. Aouate, Internal

Revenue Service Criminal Investigation.

According to the indictment, Ernest Adam Csolkovits, owned and operated W.H.I.C. – USA, Inc., a company that began marketing a motivational business philosophy called “symbiotics,” and selling cassette tapes and kits. Csolkovits marketing structure consisted of inducing people to solicit friends and associates to become W.H.I.C. “consultants” for a fee and then move on to other higher positions for a larger fee, such as W.H.I.C. “directors.”

In March of 2000, Csolkovits was introduced to a company called Delmar, Inc., which was seeking capital investment to develop and promote an all natural rat killer. Delmar needed to cover the cost of laboratory testing so that it could obtain registration of the rodenticide by the U.S. Environmental Protection Agency, which had previously enjoined the company from marketing and selling their product.

According to the indictment, in May and June of 2000, Delmar and Csolkovits agreed that in exchange for the necessary funding, Csolkovits would have the exclusive rights to sell and market the rodenticide under his company name. From about June 2000 to about December 2003, Csolkovits devised and executed a scheme to defraud and obtain monies from individuals for the rodenticide. He called the rodenticide E.R.A.S.E., an acronym for Eliminate Rats and Save the Environment. Csolkovits held recruitment meetings where he encouraged them to purchase “commissaries” at the cost of \$66,000. The commissary owners would have the exclusive rights to the profit from the rodenticide sold in their geographically defined area. In order to promote E.R.A.S.E., Csolkovits made false representations and assurances to the investors, including that he was obtaining approval from the EPA for the rodenticides registration when, in fact, Csolkovits well knew that he spent a substantial portion of the investors’ monies for personal expenditures and had not submitted the rodenticide for the necessary laboratory testing.

Also, according to the indictment, from September 2002 until June 2006, Csolkovits obstructed the administration of the Internal Revenue Service laws by making false statements and providing false documents about his company, W.H.I.C.-USA, Inc. and its purported

business with a company called W.H.I.C. International, located in the Bahamas. Csolkovits and his company W.H.I.C-USA had not filed tax returns for the years 1998 to 2003.

Csolkovits claimed that W.H.I.C.-USA had made business expenditures to W.H.I.C. International in the Bahamas for products purchased from W.H.I.C. International and these expenditures were deductible from his tax liabilities. When asked for supporting documentation, Csolkovits provided false documents. In fact, W.H.I.C. International was merely a shell company that Csolkovits himself had incorporated in 1998. , that had nominee officers whom he controlled. W.H.I.C. International neither manufactured nor provided any products to Csolkovits or his company, nor did it pay any royalties to W.H.I.C.- USA, Inc.

Wire fraud carries a maximum penalty of twenty years imprisonment. Engaging in monetary transactions in criminally derived property carries a maximum penalty of ten years imprisonment and a fine of \$250,000. Impeding the IRS carries a maximum penalty of 3 years imprisonment and a fine of \$250,000. Use of false documents carries a maximum penalty of 5 years imprisonment.

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.

Acting United States Attorney Berg thanked the special agents from FBI and IRS Criminal Investigation for their investigation of the case. The case is being prosecuted by the Assistant United States Attorney Ross I. MacKenzie.



U.S. Department of Justice

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Oct 23, 2008

EVENT: Sentenced

Defendant: Frederick Samuel Humes, Jr. et al

**“AK-47 BANDIT” GETAWAY DRIVERS SENTENCED TO
14 AND 10 YEARS IMPRISONMENT**

Two Detroit men who served as getaway drivers in a series of armed bank robberies were sentenced to 14 and 10 years imprisonment, Acting United States Attorney Terrence Berg announced today. Berg was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation's Detroit field office.

Frederick Samuel Humes, Jr., 29, was sentenced to 14 years imprisonment by Judge Sean F. Cox for conspiracy to commit bank robbery and for disposing of a firearm to a prohibited person. Humes admitted that he drove co-defendants Andre Jones and Jawan Martin to five bank robberies between March 16, 2006 and August 7, 2007. Humes also admitted to purchasing AK-47-style semi-automatic rifles at the Gibraltar Trade Center and supplying these weapons to Jones and Martin for use in the robberies.

Terez Deon Rivers, 33, was sentenced to 10 years imprisonment by Judge Cox. Rivers admitted to serving as the getaway driver for Jones and Martin in six bank robberies between October 31, 2005 and August 7, 2007.

Acting United States Attorney Terrence Berg said, "The lengthy sentences imposed by the court today should be a lesson to any persons who may consider using a firearm to commit a crime – the penalties will be appropriately harsh. Our office is committed to seeking significant penalties for any crimes that involve guns and violence."

The case is being prosecuted by Assistant United States Attorneys Leonid Feller and Mark Chasteen.



U.S. Department of Justice

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Oct 23, 2008

EVENT: Sentenced

Defendant: Stephen Lee Bowers

**INKSTER MAN SENTENCED TO 25 YEARS FOR MANUFACTURING CHILD
PORNOGRAPHY**

An Inkster man who used a Polaroid camera to photograph himself molesting sleeping 9-12-year-old girls over a two-year period was sentenced to 25 years imprisonment for manufacturing child pornography in federal court, Acting United States Attorney Terrence Berg announced today. Berg was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation's Detroit field office.

Stephen Lee Bowers, 48, was convicted on June 19, 2008 following a three-day jury trial before Judge Gerald E. Rosen. FBI agents testified that Bowers took the photographs between October 30, 1998 and December 23, 2000 at the Bay Side Estates trailer park in Sebawaing, Michigan. According to a written statement signed by Bowers, the defendant photographed himself with at least four different girls between the ages of 9 and 12 who he babysat for and who slept at his home while visiting Bowers' daughter, who was the same age. Exhibits introduced at trial also included photographs taken by Bowers of a female baby and of

a girl as young as four.

Bowers compiled the Polaroid photographs in an album that also included several dozen nude self-photographs and which, according to his statement, Bowers showed to “lots of people.” According to trial testimony, the album was found seven years later in April 2007 by an acquaintance of Bowers’ roommate, who then reported it to the FBI.

Acting United States Attorney Berg stated, “Today's sentence imposes the stringent kind of penalty that is necessary to deter others from the pernicious child porn trade. Our Child Safe Initiative will aggressively pursue all of those who exploit children through child porn or solicitation.”

The case was tried by Assistant United States Attorneys Leonid Feller and John N. O’Brien II.



U.S. Department of Justice

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Oct 27, 2008

EVENT: Conviction

Defendant: Robert C. Daniels

**“MOTOR CITY MINK” CONVICTED OF INTERNET CHILD PROSTITUTION
Defendant Faces Up to Life Imprisonment**

A Detroit man who ran a nationwide internet child prostitution network was convicted following a five-day trial in federal court today, Acting United States Attorney Terrence Berg announced today. Berg was joined in the announcement by Andrew G. Arena, Special Agent-In-Charge of the Federal Bureau of Investigation's Detroit field office.

The jury deliberated for approximately 2 hours before finding Robert C. Daniels, a/k/a "Motor City Mink," 28, of Detroit guilty on all eight counts with which he was charged. The trial was held before United States District Judge Lawrence P. Zatkoff. The most serious charge, running a child exploitation enterprise, carries a mandatory minimum sentence of 20 years and up to life imprisonment.

"The United States Attorney's Office and our law enforcement partners are committed to making defendants answer for crimes that exploit and abuse young women and girls," Berg said. "These are not victimless crimes and we will work tirelessly to ensure that those who use

the Internet to facilitate sex trafficking of children will be brought to justice. Society has no place for those who prey on children.”

"We remain dedicated to protecting children and putting unrelenting pressure on these criminal groups," Arena said.

In the course of operating the prostitution network, witnesses testified that Daniels and his co-defendant, Stephanie Head, a/k/a Chocolate, took sexually explicit photographs of minors and uploaded these photographs to cragislist.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 Daniels. Over the same time period, Daniels transported minor and adult prostitutes to Washington, D.C., College Park, Maryland, Indianapolis, Chicago, and New York.

Locally, Daniels rented hotel rooms in Southfield – at the Red Roof Inn, 27660 Northwestern Highway – and in Farmington Hills – at the Motel Six, Ten Mile and Grand River. At these locations, Daniels provided rooms for minors and adults to perform sex acts for money.

This is the first conviction nationwide for running a child exploitation enterprise, a new criminal statute created by Congress in 2006 as part of the Adam Walsh Act. Daniels will be sentenced on January 27, 2009.

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/.

The case is being prosecuted by Assistant U.S. Attorneys Leonid Feller and John N. O'Brien II.



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Oct 27, 2008

EVENT: Guilty Plea

Defendant: Sandy Robinson

DETROIT MAN PLEADS GUILTY TO MORTGAGE FRAUD

Sandy Robinson, a 50-year-old resident of the City of Detroit, pleaded guilty today to committing bank fraud in connection with a mortgage fraud conspiracy, Acting United States Attorney Terrence Berg announced today. One of Robinson's codefendants, Danyell Johnson, pleaded guilty on September 8, 2008; two other indicted co-conspirators, Pierre Greene and Jacque Miller, are awaiting trial.

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

The evidence adduced today before the Honorable Gerald E. Rosen established that from July 2005 through February 2006, Sandy Robinson aided and abetted his codefendants and others in obtaining fraudulent mortgage loans totaling approximately \$350,000 for properties located at 13329 Flanders, 17174 Joann, 13707 Glenwood,

17160 Fairport and 11072 / 11074 Promenade in the City of Detroit.

For example, on September 12, 2005, to obtain a mortgage for \$83,600 on the property at 13329 Flanders in Detroit, Robinson falsely represented that he had been employed by Perfect Choice Cleaning and Maintenance during the previous 3 years with a monthly salary of \$3,400, and that he had rented a home at 5304 Rohns. In fact, Robinson was serving a prison sentence in the custody of the Michigan Department of Corrections from April 24, 2003 through April 19, 2005, so he had been neither gainfully employed nor a resident of Detroit during that time period.

The lending institutions relied upon these false statements, as well as upon additional materially false representations by others involved in the mortgage fraud scheme, and extended mortgage loans on the 5 properties. The loans went into default, resulting in losses totaling approximately \$350,000 to federally insured financial institutions (including Deutsche Bank Trust Company North Americas).

Acting United States Attorney Berg said, "Mortgage fraud is not only a threat to the economy, but to all American homeowners, and those who dream of one-day becoming a homeowner. My office and the FBI have committed major resources to investigate and prosecute those who have tried to illegally exploit the housing market for their own material gains."

Sandy Robinson's sentencing hearing is set for January 26, 2009. A conviction for this offense carries a maximum penalty of 30 years in prison or a \$1,000,000 fine, or both. The sentence will be imposed under the United States Sentence Guidelines according to the nature of the offense and the criminal background, if any, of the defendant.



U.S. Department of Justice

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For Immediate Release:

Contact: Gina Balaya (313) 226-9758

Sep 29, 2008

EVENT: Sentenced

Defendant: Aaron Scott

FORMER DETROIT POLICE OFFICER SENTENCED FOR EXTORTION

Acting United States Attorney Terrence Berg announced today that former Detroit Police Officer Aaron Scott, 25 of Southfield, was sentenced today to serve 2 years under the supervision of the federal court, the first 6 months in the custody of the Bureau of Prisons and the second 6 months on home confinement, and to pay \$200 restitution, upon his conviction for extorting money from a citizen under color of law. Berg was joined in the announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation. The sentence was imposed by the Honorable David M. Lawson.

On August 25, 2008, Scott's partner, Brandon Allen, was given the same sentence after having pleaded guilty to extorting money from a citizen under color of law, in violation of the Hobbs Act.

The evidence adduced at the two guilty plea hearings established that on October 19, 2007, while they were on duty with the Detroit Police Department and assigned to the Tactical Services Section, Allen and Scott extorted funds from a clerk at the convenience store inside the Marathon Gas Station located at West Warren and the Jeffries Freeway in the City of Detroit by threatening to arrest him if he did not pay them. The in-store video from that night shows the clerk chased a group of

troublemakers out of the store by brandishing a shotgun; the clerk immediately came back inside the store, put the shotgun away, and continued to wait on customers. The video shows that moments later, Allen and Scott came into the store with guns drawn, ordered the clerk from behind the counter, placed him in handcuffs, and talked to him. According to their guilty pleas, the two men told the clerk he could face various legal troubles as a result of his actions, but he could avoid going to jail by paying them cash. The video shows the officers then removed the handcuffs, and the clerk took money from the cash register of the gas station and handed it to one of the officers. The officers left, and made no note of the event in their DPD activity log.

Acting United States Attorney Terrence Berg said, "Extortionate conduct by a police officer harms not only the victim who is shaken down, but also the larger community of citizens, whose confidence in law enforcement is also shaken. Our office will pursue such cases with appropriate vigor."

The case was investigated by special agents of the FBI and prosecuted by Assistant United States Attorney Cynthia Oberg.