



U.S. Department of Justice

**Terrence Berg
United States Attorney
Eastern District of Michigan**

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For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore - IRS (313) 234-2410

Aug 26, 2008

EVENT: Indictment

Defendant: Tiffany Jackson-Gooden

ROYAL OAK WOMAN ARRAIGNED ON TAX CHARGES

Tiffany Jackson-Gooden, of Royal Oak, Michigan, was arraigned today in United States District Court on an indictment charging her with five counts of willfully filing false personal tax returns, signed under penalties of perjury, and 43 counts of aiding and assisting others in the preparation of false and fraudulent tax returns, Acting United States Attorney Terrence G. Berg announced.

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

According to the indictment, Jackson-Gooden prepared and filed personal tax returns for the years 2001 through 2005 with the Internal Revenue Service, knowingly claiming false deductions that she was not entitled to claim. Some of these false deductions included fictitious job expenses, child care, and charitable gifts totaling over \$76,000. She also claimed over \$185,000 in fictitious Schedule C small business expenses.

In addition, Jackson-Gooden was charged in the indictment with aiding and assisting in the preparation of 43 false personal tax returns for other taxpayers. During the 2002 through

2005 tax years, she claimed false medical expenses, charitable gifts, job expenses, legal expenses, and gambling losses, among others, on these tax returns creating a loss to the Internal Revenue Service of over \$130,000.

Acting United States Attorney Terrence Berg said, "A tax preparer owes a special duty to abide by the law, because their customers depend on their expertise. Allegations of wrongdoing by tax preparers are taken very seriously by this office."

"Every tax return preparer has a high level of responsibility, not only to their clients but to the government as well," said Aouate. "No one is entitled to an undeserved windfall and refunds should only be issued to taxpayers who are entitled to them."

Filing false tax returns, signed under penalties of perjury, and aiding and assisting in the preparation of a false tax return carries a maximum penalty of three years imprisonment and a \$100,000 fine, per count.

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 Internal Revenue Service Criminal Investigation Division. The case is being prosecuted by Assistant U.S. Attorney Justin C. Letts.



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George Krappmann - ATF (313) 202-3504

Aug 28, 2008

EVENT: Guilty Plea

Defendant: Stanley Brazil, Jr. et al

SUNNYSIDE GANG MEMBERS

PLEAD GUILTY

Acting United States Attorney Terrence Berg announced that nine of the ten defendants indicted in connection with the Sunnyside Gang's distribution of crack cocaine in Saginaw have pleaded guilty to a variety of charges in the United States District Court in Bay City. The remaining defendant, Stanley Brazil, Jr., awaits a September 16 trial before the Honorable Thomas L. Ludington, announced. Mr. Berg was joined in the announcement by Special Agent in Charge Thomas E. Brandon, Alcohol, Tobacco, Firearms and Explosives (ATF).

Two gang members have already been sentenced. Jeffrey Dale Harris, Jr., of Saginaw received a 120 month sentence and Terrance Lavonn Harris received a 60 month sentence following their pleas of guilty to Distribution of Cocaine Over 5 grams.

Other defendants who have pled guilty and are awaiting sentencing are Demetress Lashawn Bryant, Damarlon Cenaka Thomas, Torrelee Brazil, Morris Lee Calhoun, Jr., Willie Floyd Jackson, Kevin Stephens, and DLaurence Curtis McCall. The defendants pled to a variety of drug charges and face sentencing ranges of 46 months up to 327 months. They will

be sentenced in November.

This indictment, known as “Sunnyside II” is the follow up investigation of the Sunnyside Gang. The gang operated primarily within the Saginaw, Michigan, area distributing large amounts of crack cocaine. A combined investigation by the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), with the assistance of the Federal Bureau of Investigation (FBI), the Michigan State Police (MSP), and the Bay Area Narcotics Enforcement Team (BAYANET) led to the indictment and prosecution of 15 individuals in 2006. The indictment for Sunnyside II was issued by a federal grand jury in October, 2007.

Acting United States Attorney Terrence Berg stated, “This investigation has had a very significant impact in interdicting the flow of crack cocaine in the Saginaw area. The number of defendants convicted indicates the extent of this operation. We will continue to target any operation who seeks to import and sell crack cocaine to our citizens. I commend the agents who participated in this investigation. Their efforts and tenacity have made a very positive impact on the quality of life in Saginaw.”

Special Agent in Charge Brandon said, “These guilty pleas show that collaborative law enforcement partnerships work in targeting violent gangs, and ATF is always honored to work with MSP, the FBI, and the Saginaw PD.”



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Dawn Clenney - FBI (313) 237-4206

Sep 2, 2008

EVENT: Sentenced

Defendant: Richard M. Montgomery

Man Sentenced on Health Care Fraud Related Charges of Conspiracy

Acting United States Attorney Terrence Berg announced that Richard M. Montgomery, 72, was sentenced to 51 months in prison on health care fraud related charges of conspiracy, mail fraud, and violating the Medicare anti-kickback statute.

The sentence of 51 months in prison was imposed by United States District Judge Paul D. Borman in federal court in Detroit, Michigan, and included restitution of \$780,000 to Blue Cross/ Blue Shield of Michigan, two years' supervised release, and a special assessment of \$2,200.

In 1998, a jury convicted Montgomery after a trial, but he failed to appear for sentencing in April 1999 and became a fugitive. In May 2008, agents of the Federal Bureau of Investigation arrested Montgomery, who was living in Pennsylvania under an assumed identity which belonged to a deceased person.

Acting U.S. Attorney Terrence Berg stated "When a defendant is convicted after a trial and ignores the terms of his bail and flees before the Court can impose sentence, it injures the judicial system and such lawless conduct may encourage others to do the same. In such a

case, it is important to see that justice is ultimately done, and that the fugitive is brought back before the Court for a final accounting for both his crimes and his flight.”

Montgomery and his daughter, Patricia Sittloh, were the owners of Southern Medical Devices, a Florida-based company offering neurodiagnostic testing services. The company, which did business under a number of different names, including Great Lakes Diagnostic Services and VF Imaging, marketed its services to chiropractors in more than 20 states. In 1992 and 1993, the company paid more than \$459,000 in kickbacks or referral fees to Michigan chiropractors to induce them to refer patients for testing. The testing, which usually took one and one-half hours to do, typically generated a \$2,400 insurance claim from the testing company. One insurer, Blue Cross-Blue Shield of Michigan, paid approximately \$750,000 in claims.

In the investigation, Patricia Sittloh, of Florida, pleaded guilty to the conspiracy charge and was sentenced to 15 months imprisonment. Seven other chiropractors and one non-chiropractor owner of a chiropractic clinic were convicted.

The case was investigated by the Federal Bureau of Investigation.



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Sandra Berchtold FBI (313) 237-4218

Sep 2, 2008

EVENT: Sentenced

Defendant: Shawnta Jones et al

**ONE DEFENDANT PLEADS GUILTY, ANOTHER RECEIVES 12 YEARS
IN CAR JACKING AND ROBBERY SPREE**

Acting United States Attorney Terrence Berg announced today that one Detroit resident was sentenced to 12 years' imprisonment for charges involving car jacking, possession of a firearm in furtherance of a crime of violence, robbery of government property, and receipt, disposal of government property, and another defendant pleaded guilty to five more car jackings that were part of the same scheme in federal court today. Mr. Berg was joined in the announcement by Special Agent in Charge Andrew Arena, Federal Bureau of Investigation.

Shawnta Jones, 28, of Detroit, was sentenced to 12 years' imprisonment, and Brandon Taylor, 21, of Detroit, pled guilty to multiple carjackings, before United States District Judge David M. Lawson. Taylor will be sentenced on December 18, 2008.

The investigation arose after a Department of Justice (DOJ) employee was car-jacked on January 4, 2008 after leaving a Chase Bank ATM on Grand River and Fenkell in Detroit. The DOJ employee was followed home from the bank and robbed, by Taylor, of her cash, car, and purse (which contained government property). The investigation of the car jacking of the

federal employee led authorities to evidence linking Taylor to four additional separate car jackings.

Acting United States Attorney Berg said, "Today's sentence says that if you use a gun to jack a car, you are going to prison for a long time. Those who use guns to steal cars from their owners should be made to understand that the punishment for such crimes will be severe."

Information presented to the Court as part of Taylor's guilty plea revealed that the defendants would conduct surveillance on victims at ATMs and other cash oriented businesses. They would follow the victim back to their home where Taylor would accost them at gunpoint and order them to drive him a short distance from their homes. Taylor would then rob them of their property and take their vehicles which he would drop off a short distance away. Ms. Jones and Taylor would communicate by cell phone and Taylor would tell Jones where to pick him up after he abandoned the carjacked vehicle. Jones was sentenced as an aider and abettor on five counts: two counts of car jacking; and one count each of robbery of government property; receipt, disposal of government property; and possession of a firearm in furtherance of a crime of violence. Taylor pleaded guilty to seven counts, including five car jackings.

After solving the car jacking of the Justice Department employee, the FBI's investigation revealed that the duo had performed approximately six other similar carjackings over a span of two months from December 2007 through January of 2008.

The lengthy nature of the sentence is due to the gun charge conviction which carries mandatory consecutive sentencing. Seven years imprisonment is required upon conviction of the gun charge and Judge Lawson then ordered an additional five years on the remaining charges for a total of 12 years imprisonment.

The case was the result of an investigation by the Federal Bureau of Investigation. The case was prosecuted by Assistant United States Attorney Terrence R. Haugabook.



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Sep 3, 2008

EVENT: Sentenced

Defendant: Kenneth Harrison

**FORMER PONTIAC POLICE OFFICER
SENTENCED FOR EMBEZZLING UNION ASSETS**

A former City of Pontiac Police Officer, who was the Treasurer of the Pontiac Police Officer's Association (PPOA), was sentenced today to three years probation, with the first 180 days in home confinement, for charges of embezzlement of union assets, Acting United States Attorney Terrence Berg announced today.

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

Kenneth Harrison, 35, of Waterford, Michigan, was sentenced by United States District Court Judge Victoria A. Roberts.

At the time of his plea, Harrison admitted to the Court that between July 2004 and November 2006, he embezzled approximately \$38,000 from the PPOA by using the PPOA's credit card for unauthorized purchases and services for his own personal use. Harrison had been a Pontiac Police Officer since 1996.

Acting United States Attorney Terrence Berg said, “Stealing from the police officer association’s funds breaks two bonds of trust – between the union leadership and its members, and between the police and the public. The integrity of such membership funds must not be violated, particularly by an officer of the organization.”

The case was investigated by Special Agent Daniel J. Troccoli of the Federal Bureau of Investigation. The case is being prosecuted by Assistant U.S. Attorney James M. Wuczyna.



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Sep 3, 2008

EVENT: Sentenced

Defendant: Christopher Aaron

**ORTONVILLE MAN SENTENCED FOR SIGNING FALSE INTERNAL
REVENUE SERVICE FORMS ON CASINO WINNINGS**

Christopher Aaron, age 49, of Ortonville, Michigan, was sentenced today to six months home confinement and two years probation as a result of having been convicted by a jury on seventeen counts of an Indictment charging him with making and subscribing false IRS forms under penalty of perjury, Acting United States Attorney Terrence Berg announced. United States District Judge Nancy G. Edmunds also ordered Aaron to pay a fine of \$170,000 and perform 200 hours of community service.

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

The evidence at trial showed that the defendant signed over 900 IRS forms, under penalty of perjury, in which he provided false Social Security numbers to the IRS in connection with his gambling winnings. The defendant's total gross winnings on the forms bearing false Social Security Numbers exceeded \$3 million over the years 2000-2003. The defendant then filed federal income tax returns, indicating far less gross gambling income that he actually received. Due to offsetting gambling losses, it could not be determined with certainty whether

he actually avoided paying taxes that were due and owing.

Acting United States Attorney Berg said, "Gambling winnings must be honestly reported under our voluntary tax system. Using false Social Security numbers violates this law and will result in vigorous prosecution."

Special Agent in Charge of the Internal Revenue Service - Criminal Investigative Division Maurice Aouate said, "After winning the big jackpot at any casino, IRS forms require honest information and must be properly filled out by the winner. In Aaron's case, he provided false social security numbers to the casinos, intentionally violating the law."

The case was investigated by special agents of the IRS. The case was prosecuted by Assistant U.S. Attorney Wayne F. Pratt.



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Sep 3, 2008

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Sep 4, 2008

EVENT: Guilty Plea

Defendant: Comprehensive Environmental Solutions, Inc. (CESI)

**Dearborn Wastewater Treatment Facility Pleads Guilty and
Pays \$750,000 in Fines for the Illegal Discharge
of Untreated Waste in Detroit Sewer System**

Comprehensive Environmental Solutions, Inc. (CESI), a Nevada Corporation which operates an industrial waste treatment and disposal facility at 6011 Wyoming Street, Dearborn, Michigan, pleaded guilty today before United States District Judge Victoria A. Roberts to violations of the Clean Water Act and making false statements in connection with illegal discharges of untreated liquid wastes from the facility, announced Acting United States Attorney Terrence Berg and Ronald Tenpas, Assistant Attorney General. CESI pleaded guilty on Thursday, September 4, 2008.

Acting United States Attorney Berg said, "The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system. Today's plea demonstrates the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations."

According to the plea agreement and other court records, the facility had a permit to treat liquid waste brought to the facility 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 storing more than 10 million gallons of liquid industrial wastes.

During the period from April 2001 to June 2002, facility employees frequently bypassed the facility's pretreatment system in order to discharge untreated liquid wastes directly into the sanitary sewer system. At the 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. Rather than shutting down, the facility continued to accept about 13 million gallons of liquid industrial waste-streams for purported treatment and disposal. Because the facility had no space available for these incoming loads, nor equipment to treat the materials, the facility by necessity discharged to the sanitary sewer all of this untreated liquid waste in violation of the pretreatment regulations, the facility's permit, and the consent order under which the facility operated.

As part of its guilty plea, CESI has 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/or the Detroit River. In addition to accepting responsibility today for its past misconduct, CESI, 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 the term of probation set forth in the plea agreement, 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. Also as part of the plea, CESI has agreed to develop, adopt, implement and fund an environmental management system/compliance plan, 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.

CESI is scheduled to be sentenced before Judge Roberts on March 18, 2009 at 2:30 pm.

The case was investigated by Special Agents of the U.S. Environmental Protection Agency Criminal Investigation Division and the Federal Bureau of Investigation, with the assistance of the U.S. EPA National Enforcement Investigations Center, the U.S. Coast Guard and the Michigan Department of Environmental Quality Office of Criminal Investigations as part

of the Southeast Michigan Environmental Crimes Task Force. The case is being prosecuted by Assistant U.S. Attorney Mark Chutkow, U.S. Department of Justice Senior Counsel James Morgulec, and U.S. EPA Regional Criminal Enforcement Counsel David Mucha. The Task Force encourages citizens to report suspected environmental crimes to U.S. EPA at <http://www.epa.gov/compliance/complaints/index.html>.



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Sep 5, 2008

EVENT: Convicted

Defendant: Carl Tyus

**INKSTER MAN CONVICTED OF POSSESSION OF DRUGS WITH INTENT TO DISTRIBUTE
AND POSSESSION OF FIREARMS IN FURTHERANCE OF DRUG TRAFFICKING**

Carl Tyus, age 30, of Inskter, Michigan, was found guilty on September 4, 2008 by a federal jury in Detroit, Michigan on four counts, including possession with the intent to distribute ecstasy, cocaine, and crack, and possession of firearms in furtherance of a drug trafficking crime, Acting United States Attorney Terrence Berg announced today. Mr. Berg was joined in the announcement by Special Agent in Charge Thomas E. Brandon, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

After the verdict was read, District Judge Paul D. Borman ordered that the defendant be remanded immediately to the custody of the United States Marshals.

The evidence at trial showed that on September 29, 2005, Romulus police officers searched Tyus' home pursuant to a search warrant. The detectives found crushed ecstasy, crack, and cocaine, packaged for distribution, in the kitchen cabinet, and multiple bags of ecstasy tablets and cocaine in the basement. The defendant also possessed multiple firearms: a Bushmaster rifle, Hi-point 9 mm rifle, Norinco assault rifle, 12-gauge Mossberg pump shotgun, and a Smith and Wesson handgun in the basement with the drugs, and a

Smith and Wesson handgun in the bedroom. Many of the firearms were loaded, or had the weapons magazine within close proximity. Multiple amounts of cash were found throughout the home, totaling over \$10,000.

Acting United States Attorney Terrence Berg said, "Drugs and guns make a lethal combination that threatens the safety of our community. The significant federal penalties for armed drug trafficking are intended to deter such dangerous criminal activity. I commend the ATF and Romulus police for their excellent work on this case."

The defendant faces a minimum term of imprisonment of five years. The actual sentence imposed depends on a number of factors, including the defendant's criminal record (if any), and advisory Sentencing Guidelines.

The case was investigated by special agents of ATF and Romulus police detectives. The case was prosecuted by Assistant U.S. Attorney Jennifer L. Blackwell, with assistance from paralegal Sherita Gentry.



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Vera Fedorak - ATF (313) 202-3407

Sep 5, 2008

EVENT: Sentenced

Defendant: Isaias Quesada

**TWO “DETROIT THUG LORDZ” SENTENCED
TO 20 YEARS’ AND 18’ YEARS IMPRISONMENT**

Isaias Quesada, 24, of Detroit was sentenced to 20 years’ imprisonment on felony drug charges, Acting United States Attorney Terrence Berg announced today. Joining in the announcement was Special Agent-In-Charge Thomas E. Brandon, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Quesada pled guilty to conspiracy to distribute more than 50 grams of crack cocaine, powder cocaine, and marijuana before United States District Judge David Lawson on March 26, 2008. Quesada’s sentence was enhanced for being the leader of a drug trafficking organization, for using minors to distribute controlled substances, and for possession of a firearm.

Also sentenced today was Omar Gladson, 21, of Detroit to 18 years imprisonment. On November 2, 2006, Gladson was found hiding in a bedroom closet as federal agents executed a search warrant at a Detroit Thug Lordz stash house on Woodmont. Gladson had been packaging over 5 grams of powder cocaine and nearly half a kilogram of marijuana and had stuffed a Ruger .45 caliber pistol under a mattress. Gladson admitted to dealing drugs from the Woodmont house and others, to taking drug orders by telephone, and to being paid a flat

rate of \$5,000 per month to deal drugs for the Detroit Thug Lordz organization. Gladson pled guilty to conspiracy and firearm charges before Judge Lawson on March 26

The Detroit Thug Lordz were an armed drug trafficking gang in northwest Detroit. The gang's territory ran along West Warren Avenue and extended from Evergreen to the Southfield Freeway. The group maintained drug houses on Woodmont, Lawndale, Winthrop, Rockdale, Longacre, and Rosemont Streets. Firearms were kept at and moved among the various houses for protection. Drug sales were accomplished through calls to pre-arranged cellular telephone numbers and deliveries made with rented vehicles. Gang members were paid as much as \$5,000 per month for distributing various drugs, including crack cocaine, powder cocaine, and marijuana. Minors were used to distribute drugs on the gang's behalf. Federal agents with the Bureau of Alcohol, Tobacco, Firearms, and Explosives ("ATF"), assisted by Detroit Police Department officers, investigated the gang's activities between May 2, 2006 and February 13, 2007. Fifteen undercover purchases of crack cocaine, powder cocaine, and marijuana were made. Four of the gang's drug houses were raided and additional seizures were made from gang members' vehicles. In total, agents secured 66 grams of crack cocaine, 67 grams of powder cocaine, and 4.6 kilograms of marijuana.

"Gangs like the Thug Lordz can be beaten when federal, state, and local law enforcement team up with community groups to fight organized drug trafficking and the dangers it brings to our neighborhoods," said Acting U.S. Attorney Berg. "That is the purpose of our Operation TIDE, which partners all law enforcement stakeholders in the City of Detroit to provide hope to residents and to take violent drug offenders off the streets. Today's sentences are an example of the results that can be achieved from such teamwork."

"The sentence to be served by this gang leader reiterates the need for focused task forces like Operation TIDE. We will continue our joint enforcement efforts to rid the City of Detroit of the violence that is bred by drugs and guns," stated SAC Brandon.

All nine defendants indicted by the government on April 24, 2007 in the Detroit Thug Lordz prosecution have now been convicted and sentenced. Six DTL members and affiliates pled guilty to drug charges on September 19, 2007. These included Rodolfo Moreno, 20, of Detroit; Nicholas Jaime, a/k/a Kilo, 21, of Detroit; Hassan Aljibory, 23, of Warren; Randi Carl Diggs, 19, of Detroit; Michael Moreno, 18, of Detroit; and Shane Aben, 18, of Detroit. A

seventh defendant, Karen Haskins, 49, of Detroit, pled guilty on November 15, 2007. On May 28, Jaime, was sentenced to 5 ½ years imprisonment. On May 21, Haskins was sentenced to three years imprisonment. On May 19, Diggs was sentenced to 3 years probation. On February 14, Aljibory was sentenced to 2 ½ years imprisonment. On February 4, Rodolfo Moreno was sentenced to 12 years imprisonment. On February 1, Michael Moreno was sentenced to 2 ½ years imprisonment. On January 14, Aben was sentenced to three months in a halfway house and three years probation on January 14.

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.

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



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Sep 5, 2008

EVENT: Indictment

Defendant: Pierre Greene et al

THREE INDICTED IN MORTGAGE FRAUD SCAM

Former Detroit Police Officer Pierre Greene, 27, City of Detroit Tax Assessor Jacque Miller, 37, and Sandy Robinson, 50, were named in an 11-count indictment unsealed Thursday in federal court. The indictment charges the three men with conspiracy to commit federal crimes, bank fraud and wire fraud 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 C. Arena, FBI Special Agent in Charge.

Jacque Miller was arraigned on the indictment on Thursday and released on bond. Pierre Greene and Sandy Robinson are expected to appear to answer to the charges in the near future. The matter is pending before the Honorable Gerald E. Rosen.

Acting United States Attorney Terrence Berg said, "Mortgage fraud harms both the financial institutions and the housing market. These complex schemes saddle properties with bogus loans, make it harder for honest buyers to enter the market, and prevent houses from being sold. We will continue to pursue such crimes vigorously."

The indictment charges that between January 2004 and December 2006, the named

defendants and others obtained fraudulent mortgage loans on more than 35 properties located in the City of Detroit, including nine residences described in the indictment in detail:

- a. 13371 Flanders on 6/22/04;
- b. 14155 Mayfield on 1/13/05;
- c. 5969 Newport on 3/9/05;
- d. 13329 Flanders on 4/25/05;
- e. 13329 Flanders on 9/12/05;
- f. 13321 Flanders on 9/16/05;
- g. 13435 Hampshire on 9/22/05;
- h. 13312 Wilfred on 1/16/06; and
- i. 12573 Fairport on 2/17/06

According to the indictment, the defendants worked in concert to defraud lending banks about each of the three criteria that are critical and material to inform a lender's decision whether or not to grant a mortgage on a house: First, the **value of the collateral**: is the property worth more than the amount of the mortgage, so that if the borrower defaults, the lender can sell the house and recoup the amount of the loan? Second, the **capacity of the borrower** to repay the loan: does the borrower have a steady income, or assets on hand, sufficient to be able to pay back the principal with interest? Third, the **credit-worthiness of the borrower**: does the borrower have a history of making timely payments on other loans, or paying rent, or paying credit card debt? The defendants took steps to delude the lenders about each of those three important matters.

The indictment alleges that the defendants obtained the fraudulent mortgages using a scheme commonly known as "flipping." They bought run down, often uninhabitable properties for a few thousand dollars, obtained appraisals falsely claiming the properties were worth as much as ten times the purchase price, paid people to act as straw buyers, applied for mortgages for the full inflated value, and then simply walked away from the payments. The qualifications of the straw buyers – their employment, their income from other sources, their credit history, their cash on hand, their assets, and so on – were supported by forged and

counterfeit documents designed to persuade the lending institutions to loan millions of dollars. The banks were left with loans that went almost immediately into default, and worthless collateral.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt. The case was investigated by Special Agents of the FBI. The case is being prosecuted by Assistant U.S. Attorney Cynthia Oberg.



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Sep 9, 2008

EVENT: Guilty Plea

Defendant: Deborah Hicks

DAYCARE OWNER PLEADS GUILTY TO TAX FRAUD

A Detroit Business owner pleaded guilty today to filing a false tax return, signed under penalty of perjury, announced acting United States Attorney Terrence Berg.

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

Pleading guilty before U.S. District Judge Gerald E. Rosen was Deborah Hicks, 61, of Detroit.

According to court records, in 1996 and 1997, Hicks operated several day care centers known as Children's Palace. During these years Hicks failed to report a substantial amount of her income on her corporate and personal income tax returns. Hicks received checks from parents for the care of their children. Instead of depositing some of the checks into a business bank account, Hicks cashed them at a Detroit party store, intending to hide the income from the IRS. The tax loss to the IRS was more than \$45,000.

Acting U.S. Attorney Berg said, "Our federal tax regime relies upon the honesty of each U.S. tax payer. When false returns are submitted, this office will take appropriate enforcement

action."

"Omitting income or cheating on your taxes is the same as stealing," said Aouate. "We should not expect the honest taxpayer to foot the bill for those who evade paying their fair share in taxes."

Filing a false tax return a maximum sentence of 3 years imprisonment and a \$250,000 fine per count. A sentencing date was set for December 11, at 1:30 p.m.

This case is being prosecuted by Assistant United States Attorney Richard Delonis.



U.S. Department of Justice

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Sep 16, 2008

EVENT: Guilty Plea

Defendant: Anthony Ivezaj

**LOCAL BUSINESS OWNER PLEADS GUILTY
TO BRIBERY OF U.S. IMMIGRATION OFFICIAL**

Terrence Berg, Acting United States Attorney for the Eastern District of Michigan, announced today that the owner of a Ferndale, Michigan based construction business entered a plea of guilty to the charges of conspiracy to bribe a public official.

The defendant, Anthony Ivezaj, age 40, of Milford, Michigan and the owner of TMI Construction Company, entered the guilty plea in United States District Court before Judge Julian Able Cook, Jr. Under the plea agreement, Ivezaj faces up to 33 months imprisonment and a fine of up to \$50,000.00.

The bribery conviction arose from ANTHONY Ivezaj's agreement to provide free construction services and materials for a residence in Romulus, Michigan owned by co-defendant Roy M. Bailey. At the time, Roy Bailey was the Field Office Director for the Detroit office of the Department Homeland Security - Immigration and Customs Enforcement. The free construction services and materials, valued at more than \$3,000.00, were provided by Anthony Ivezaj in return for having Roy Bailey agree to release one of Ivezaj's relatives from ICE custody. After Roy Bailey was suspended from his government position, the released

individual was re-arrested by ICE officials and was subsequently deported from the United States.

Making the announcement along with U.S. Attorney Berg were Armando Lopez, Special Agent in Charge of the Chicago, Illinois office of the Department of Homeland Security - Office of Inspector General, and Andrew G. Arena, Special Agent in Charge of the Detroit, Michigan office of the Federal Bureau of Investigation.

In announcing the guilty pleas, Mr. Berg stated, "Bribing a federal official is a grave offense that will be pursued and prosecuted to the utmost extent of the law. Anyone who would seek to bribe or unduly influence a federal official would be well advised to think twice."

Special Agent in Charge Arena stated, "Public corruption is an investigative priority for the FBI. The FBI will aggressively investigate individuals who offer bribes to public officials in exchange for favors."

Acting Special Agent in Charge Lopez stated, ""DHS-OIG will continue to actively attack the corrupt and greed-driven criminal schemes, such as the bribery of DHS officials, which continue to threaten our border security."

A sentencing hearing was set by Judge Cook for November 21, 2008 at 2 p.m.

This case was investigated by the Department of Homeland Security - Office of Inspector General, and the Federal Bureau of Investigation and is being prosecuted by Assistant U.S. Attorney Bruce Judge.



U.S. Department of Justice

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Sep 16, 2008

EVENT: Sentenced

Defendant: Michael Locke

DETROIT MAN SENTENCED FOR MARIJUANA GROW OPERATION

A Detroit man was sentenced yesterday to 93 months imprisonment for charges related to a marijuana grow operation, Acting United States Attorney Terrence Berg announced today.

Mr. Berg was joined in the announcement by Special Agent in Charge Thomas E. Brandon, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Michael Locke, 40, of Detroit, was sentenced by United States District Judge Gerald E. Rosen.

Locke pleaded guilty in May 2008 to one count of Felon in Possession of a Firearm, one count of Possession with Intent to Distribute Marijuana and one count of Possession of a Firearm in Furtherance of a Drug Trafficking Crime. The offenses arose from Locke's operation in early 2006, of a marijuana growing location in a four-unit Detroit residence. During a search of the premises a stolen 9mm handgun was recovered. Also recovered were 797 marijuana plants, growing equipment, including lights, fans, humidifiers and narcotics paraphernalia and a sum of United States Currency.

At the time of his plea, Locke admitted to the Court that he was operating the marijuana grow operation, which encompassed the entire east side lower level of the residence and selling marijuana. He admitted to possessing the firearm for protection.

Acting U.S. Attorney Berg said, "This significant sentence should send a message to felons that use guns to commit crimes: If you use a gun in connection with drug trafficking you will face hard time in a federal prison."

Special Agent in Charge Brandon said, "The sentencing of this defendant shows that ATF is dedicated to reducing violent crime in Detroit. Not only did this defendant sell marijuana, but he also ran a large scale marijuana growing operation and admitted to possessing a firearm for protection. This highlights that the problem that illegal drugs and guns go hand-in-hand."

The case was prosecuted by Assistant United States Attorney Susan Gillooly.



U.S. Department of Justice

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Sep 16, 2008

EVENT: Guilty Plea

Defendant: Roy M. Bailey

**FORMER ASSISTANT DIRECTOR OF U.S. IMMIGRATION PLEADS GUILTY
TO BRIBERY AND CONSPIRACY TO DEFRAUD THE UNITED STATES**

Terrence Berg, Acting United States Attorney for the Eastern District of Michigan, announced today that the former Assistant Director of the Detroit office of the Immigration and Naturalization Service (INS) entered a plea of guilty to the charges of bribery, conspiracy to defraud the United States and misprision of felony.

Making the announcement along with U.S. Attorney Berg were Armando Lopez, Special Agent in Charge of the Chicago, Illinois office of the Department of Homeland Security - Office of Inspector General, and Andrew G. Arena, Special Agent in Charge of the Detroit, Michigan office of the Federal Bureau of Investigation.

The defendant, Roy M. Bailey, age 55, of Romulus, Michigan entered the guilty pleas in United States District Court before Judge Julian Able Cook, Jr. Under the plea agreement, Bailey faces up to 37 months imprisonment and a fine of up to \$75,000.00.

The bribery conviction arose from Roy Bailey's acceptance of gifts, free services and other things of value from an Oakland County immigration attorney named Namir Daman. In

Return, Bailey misused his position as the INS Assistant District Director and, thereafter, as the Field Office Director of the Department Homeland Security - Immigration and Customs Enforcement to provide benefits and preferential treatment to a number of Daman's clients, and to otherwise allow Daman to commit fraud against INS and DHS-ICE. In August of 2008, attorney Namir Daman entered a guilty plea in U.S. District Court to the felony offense of aiding and abetting immigration fraud. Daman is currently awaiting sentencing.

In addition, Roy Bailey was convicted by plea for the offense of conspiracy to defraud the United States. That conviction arose from Bailey's involvement with TALAL KHALIL CHAHINE, the owner of the La Shish restaurant chain, and others, in a scheme by which foreign born La Shish employees obtained immigration benefits, including permanent resident status, through the use of false marriages arranged with U.S. citizens who also worked at La Shish.

Roy Bailey was also convicted of failing to report and refer to the proper authorities the theft of more than \$300,000.00 in property from criminal aliens who were being housed at the INS/ICE detention facility in Monroe, Michigan.

In announcing the guilty pleas, Mr. Berg stated, "It is unacceptable for any public official to use his authority to enrich himself, particularly when doing so harms the very people he is supposed to be protecting. These convictions represent a critical step in restoring honesty and integrity to the system under which individuals seek and obtain immigration benefits and citizenship in this country. Mr. Bailey's misuse of his position, and his willingness to corrupt that system, were an absolute betrayal of his office."

Special Agent in Charge Arena stated, "'Public officials who abuse their position for personal gain undermines the people's trust and confidence in government. The FBI is committed to fighting public corruption at every level."

Acting Special Agent in Charge Lopez stated, "I am pleased with the out come of this investigation, because I feel that DHS employees should be held to a higher standard. This

investigation shows that the OIG will continue to be committed to aggressively pursue all allegations of corruption in order to protect our borders and the integrity of DHS personnel, programs and operations.”

A sentencing hearing was set by Judge Cook for November 21, 2008 at 2 p.m.

This case was investigated by the Department of Homeland Security - Office of Inspector General, and the Federal Bureau of Investigation and is being prosecuted by Assistant U.S. Attorney Bruce Judge.



U.S. Department of Justice

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Sep 18, 2008

EVENT: Guilty Plea

Defendant: Eric McAlpine

**BOOKKEEPER SENTENCED TO 37 MONTHS
FOR STEALING MILLIONS FROM TITLE COMPANY**

A 45 year-old Macomb man who embezzled over \$2.2 million while working as a bookkeeper for a now-defunct Michigan title company was sentenced to 37 months in federal prison today, Acting United States Attorney Terrence Berg announced today.

Joined in the announcement was FBI Special Agent in Charge Andrew G. Arena.

Eric McAlpine was an independent contractor performing bookkeeping functions for American Title Works, a title agency with offices in Clinton Township, Livonia and Southfield. Over the course of five years, McAlpine stole checks totaling over \$800,000 that were made payable to American Title Works and funded by buyers and sellers of real estate, and/or from lending institutions that granted loans to buyers. McAlpine also stole checks totaling almost \$1.5 million that were drafted from American Title Works escrow accounts. As a result of McAlpine's embezzlement from its escrow accounts, American Title Works went out of business resulting in the loss of employment for its almost 30 employees.

McAlpine pled guilty on June 12, 2008 to Interstate Transportation of Stolen Money.

In addition to the prison sentence, Federal District Court Judge Arthur J. Tarnow also ordered McAlpine to pay restitution of \$2,293,266.68.

Acting U.S. Attorney Berg thanked the FBI for their assistance in the successful investigation of the case. It was prosecuted by Assistant United States Attorneys Frances Carlson and Sarah Cohen.



U.S. Department of Justice

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Sep 22, 2008

EVENT: Guilty Plea

Defendant: Jawan Martin

**REMAINING “AK-47 BANDIT” PLEADS GUILTY AFTER TWO DAYS OF TRIAL
TO AGREEMENT PROVIDING FOR 32 YEARS IN PRISON**

A bank robber who held a gun to a teller’s head in the course of committing nine bank robberies pleaded guilty after two days of trial and agreed to serve a mandatory minimum sentence of 32 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.

Jawan Martin, 28, of Detroit pleaded guilty to two counts of using and carrying a firearm during a crime of violence. As part of his plea, Martin admitted to robbing the following nine banks:

1. March 16, 2006 -- Chase Bank, 32203 Plymouth Rd., Livonia, stealing \$157,728;
2. January 2, 2007 -- LaSalle Bank, 24660 Southfield Rd., Southfield, stealing \$116,170;
3. March 16, 2007 -- Chase Bank, W. Warren Ave., Dearborn Heights, stealing \$117,818;
4. June 2, 2006 – Fifth Third Bank, 700 S. Ballenger Hwy., Flint, stealing \$71,000;
5. August 4, 2006 – Citizens Bank, 3267 Beecher Road, Flint, stealing \$50,466;

6. July 11, 2007 – Franklin Bank, 26336 W. 12 Mile Rd., Southfield, Michigan, stealing \$0;
7. August 7, 2007 – National City Bank, located at 625 E. Manhattan Blvd., Toledo, Ohio, stealing \$77,048;
8. October 11, 2007 -- Fifth Third Bank, 3754 Rochester Rd., Troy, stealing \$41,642;
9. November 14, 2007 – Chase Bank, 33051 Schoenherr, Sterling Heights, stealing \$1,600.

During each robbery, Martin was armed with an AK-47-style assault rifle or a handgun. During the Fifth Third Bank robbery in Flint, surveillance video showed Martin putting a handgun to a teller's head. During the November 14, 2007 Sterling Heights robbery, a bank teller was shot in the leg by Martin's co-defendant, Andre Jones.

In total, Martin and his crew took more than \$760,000 over a period of approximately two years.

All four other defendants in the case had previously pleaded guilty. Jones, the gang's leader, pleaded guilty to twenty-one counts requiring imposition of a mandatory minimum sentence of 215 years. Terez Deon Rivers, 33, faces 10 years imprisonment, and Frederick Samuel Humes, Jr., 29, faces 15 years for each serving as getaway drivers for Jones and Martin. Sparkle Eldridge, 23, faces up to 5 years imprisonment for driving for one of the robberies.

"Combating violent organized crime is one of this office's highest priorities," said Acting U.S. Attorney Berg. "It is our hope that the sentences to be handed down against these defendant will deter similar violence in the future."

"The nearly 300 years to be served by these armed criminals is a testament to the work of FBI agents throughout this state and elsewhere, as well as to our state and local law enforcement partners," stated SAC Arena.

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



U.S. Department of Justice

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Sep 24, 2008

EVENT: Indictment

Defendant: Gary Yee

SOUTHFIELD JEWELER CHARGED WITH MONEY LAUNDERING

Terrence Berg, Acting United States Attorney for the Eastern District of Michigan, announced today that Gary Yee, 32, of West Bloomfield, Michigan was arrested today and will be appearing in court this afternoon on an indictment charging him with two counts of money laundering and criminal forfeiture of all real and personal property involved in these offenses, as well as a request for a money judgment against him.

Berg was joined in the announcement by Maurice M. Aouate, Special Agent in Charge, Internal Revenue Service, Criminal Investigation and Robert Corso, Special Agent in Charge, Drug Enforcement Administration.

According to court records, for more than eight years Gary Yee has operated Golden Sun Jewelry, a business located in the Advance Building in Southfield, Michigan which sells luxury watches and expensive customized jewelry. Those records reveal that Gary Yee laundered more than \$1.5 million in cash for narcotics traffickers, including a list of the most notorious dealers in the Detroit area, as well as criminals from as far away as Arizona. Yee's criminal clients sought out Golden Sun Jewelers to buy items such as diamond encrusted

watches for as much as \$80,000 in cash based on Yee's reputation for dealing 'under the table' and his agreement not to file required reports, including IRS Form 8300, Cash Received in a Trade or Business, required for any transactions involving more than \$10,000.

In the early months of 2008, the Detroit offices of IRS CI and DEA ran a successful undercover operation during which two federal agents, posing as marijuana dealers, made separate purchases of a \$32,000 watch and a \$40,000 watch in cash from Gary Yee in the back offices of Golden Sun Jewelers. In both instances, Gary Yee accepted cash payments of over \$10,000 while assuring the undercover agents that 'no paperwork' would be filed. A search of records showed that Golden Sun Jewelers failed to file the required IRS Form 8300s for the cash purchases of the watches.

Agents from IRS CI and DEA also executed three search warrants today, which included Golden Sun Jewelry, and two West Bloomfield residential homes of Yee and his parents. The United States District Court also granted the government's request for a temporary restraining order to allow the IRS to preserve the inventory of Golden Sun Jewelry that is currently or potentially subject to forfeiture to the United States.

Acting United States Attorney Berg said, "Defendants who deal in high-end goods like expensive jewelry , luxury cars, or real estate are prohibited by federal money laundering laws from shrouding the ill-gotten gains of narcotics dealers. Obviously, a business owner who hides the sales of luxury goods to dope dealers is aiding the criminal enterprise by allowing it to enjoy the fruits of the crime. Through aggressive prosecution, my office will continue to try to disrupt narcotics dealing profits by following dirty money wherever it leads and prosecuting those who traffic in it."

IRS CI Special Agent in Charge Aouate stated that, "Narcotic traffickers, having a need for the 'bling,' will seek out jewelers with the reputation to break the law and help conceal their illegal drug profits. At least that is what they think until IRS Criminal Investigation, in partnership with DEA and the United States Attorney's Office, starts to follow the money trail, identifies all the guilty parties, and dismantles their financial empire for good."

DEA Special Agent in Charge Corso stated that, “Unfortunately, illegal drug profits are very enticing for some business owners, and the chance to get their hands on that dirty money is hard to pass up. It comes as no surprise that drug traffickers were drawn to a person like Mr. Yee, who was more than willing to assist drug traffickers in hiding their illegal profits. Individuals who decide to participate in schemes to launder illegal drug money can clearly see from this indictment that DEA and our partners are focused on investigating *all* aspects of illegal drug trafficking.

An indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial in which it will be the government’s burden to prove guilt beyond a reasonable doubt. Acting U.S. Attorney Berg thanks IRS CI and DEA for their assistance in this investigation. The case was prosecuted by Assistant U.S. Attorneys Bruce C. Judge and Philip Ross.



U.S. Department of Justice

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Sep 29, 2008

EVENT: Sentenced

Defendant: Brandon Allen

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.