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Press Release

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FOR IMMEDIATE RELEASE



Grand Rapids, Michigan - February 22, 2007 - United States Attorney Margaret M. Chiara, United States Immigration and Customs Enforcement (ICE) Assistant Secretary Julie L. Myers, and Acting Chief of the Criminal Investigation Division for the Internal Revenue Service (IRS), John H. Imhoff, Jr., announce the unsealing today of a 23-count felony Indictment charging three Florida residents with conspiracy to defraud the United States and to harbor illegal aliens for profit, harboring illegal aliens for profit, and evading payment of Federal employment taxes. The defendants, who did business as "Rosenbaum-Cunningham International, Inc." (RCI) from 1997 until the present, are Richard M. Rosenbaum, 60, of Longwood, Florida; Edward Scott Cunningham, 43, of West Palm Beach, Florida; and Christina A. Flocken, 59, of Longwood, Florida.

According to the [Indictment](#), the three operated a cleaning and grounds-maintenance service that contracted with theme-restaurant chains and hospitality venues throughout the United States, including Michigan, and that was staffed predominantly with illegal aliens. The Indictment alleges that, in addition to the Grand Traverse Resort and Spa in Acme, Michigan, RCI's clients included venues such as House of Blues, Planet Hollywood, Hard Rock Café, Dave and Busters, Yardhouse, ESPN Zone, and China Grill, and that these clients paid RCI over \$54,327,000.00 between 2001 and 2005. According to the Indictment, by failing to collect and pay Federal income, Social Security and Medicare, and Federal employment taxes on the wages it paid to its workforce, RCI was able to evade payment of over \$18,640,000.00 in employment taxes. The Indictment charges that Rosenbaum, Cunningham, and Flocken expended approximately 63 percent of these funds on operating RCI and divided the remaining 37 percent among themselves. The Indictment further alleges they disguised the true nature of their activities and obstructed the IRS from performing its government functions by creating several shell companies and bank accounts to hide their excess funds. These excess funds were then used by Rosenbaum, Cunningham, and Flocken to pay personal expenses for items such as luxury boats and vehicles, lavish homes, and race horses. The Indictment also includes forfeiture allegations that notify the defendants that the government intends to forfeit the proceeds of their criminal conduct.

Additionally, ICE made approximately 195 administrative arrests of immigration status violaters last night and this morning as part of this operation. This remains an on-going investigation.

The present case is part of a continuing criminal prosecution against the principals and certain employees of RCI, Inc. Prior to today's indictment, Santiago Echaniz, a former Supervisor for RCI, Inc. pled guilty to a felony Information charging harboring of illegal aliens and making a false statement on a tax return. In addition, former RCI employees Olfmara Maltos-Trevino and Miguel Martinez-Garcia pled guilty to aiding and abetting the unlawful employment of aliens, which is a Class B misdemeanor. Janie Schlager also pled guilty to a two-count Indictment charging trafficking in means of identification.

"This case is an excellent example of the cooperative efforts of federal law enforcement agencies", said United States Attorney Margaret M. Chiara. "The success of this investigation is due not just to the exceptional professionalism and

diligence of the individual case agents, but also to the remarkable working relationship between U.S. ICE and IRS-CI."

"Employers who brazenly violate our immigration laws will be held accountable for their illicit actions," said Assistant Secretary Julie L. Myers. "We know that targeting unscrupulous employers is crucial to deterring illegal immigration. Today's charges against RCI executives reflect the federal government's commitment to addressing the magnet for illegal immigration and ensuring businesses comply with our laws."

"The defendants charged today allegedly failed to collect, account for or pay over to the IRS over \$18 million in Federal Employment taxes from the wages they paid their employees. This enabled them to retain the excess funds as profit which they hid in shell companies and divided among themselves to pay personal expenses and live extravagant lifestyles," said John H. Imhoff, Jr., Acting IRS Chief, Criminal Investigation. "The IRS will enforce the law across all business sectors, but with particular vigor in the corporate arena. This type of corrosive activity by corporations is just not acceptable to any of us and their behavior undermines the integrity and trust in our tax system."

Knowingly harboring illegal aliens for profit is a felony carrying a maximum sentence of 10 years= imprisonment under Title 8, U.S. Code, Section 1324(a)(1)(A)(iii), and evading collection and payment of employment taxes is a five-year felony under Title 26, U.S. Code, Section 7202. If convicted, the Defendants may also be ordered to pay restitution to the United States Treasury of more than \$18 million dollars.

The investigation is being conducted by U.S. Immigration and Customs Enforcement and the Criminal Investigations Division of the Internal Revenue Service. The cases are being

prosecuted for the United States by Western District of Michigan Assistant United States Attorneys Hagen W. Frank and Matthew G. Borgula. The charges in an Indictment are allegations of criminal conduct, and the defendants are presumed innocent until their guilt is established by proof beyond a reasonable doubt.

END

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