



Gregory Viola Arrested on a Federal Criminal Complaint Charging Him with Mail Fraud

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 6:51 AM August 12, 2011

The U.S. Attorney's Office District of Connecticut on August 11, 2011 released the following:

“ORANGE RESIDENT CHARGED WITH DEFRAUDING INVESTORS

David B. Fein, United States Attorney for the District of Connecticut, and Kimberly K. Mertz, Special Agent in Charge of the New Haven Division of the Federal Bureau of Investigation, announced that GREGORY VIOLA, 59, of Orange, was arrested today on a criminal complaint charging him with mail fraud. The charge stems from an alleged scheme to defraud investors of at least hundreds of thousands of dollars via a Ponzi scheme.

According to court documents and statements made in court, VIOLA operated an investment business in Orange. It is alleged that since as early as 2007, VIOLA engaged in a scheme to defraud multiple investors by not investing funds as he had represented. As part of the scheme, it is alleged that VIOLA promised his investors that their funds would be invested, and that they would receive a specified rate of return on the investments as well as the potential for the investment to appreciate. Rather than invest funds provided by investors, it is alleged that VIOLA engaged in a Ponzi scheme in which he used new investor funds to make payments to earlier investors. It is also alleged that VIOLA mailed investors fraudulent statements that falsely represented the amount of funds that the investors had on account.

The criminal complaint specifically alleges that VIOLA provided one investor

with a purported E-Trade account statement representing that the investor had in excess of \$300,000 on account with VIOLA. Subsequent investigation by law enforcement has revealed that this statement is false, and E-Trade has no record of an account in the investor's name.

VIOLA voluntarily surrendered himself this afternoon and appeared before United States Magistrate Judge William I. Garfinkel in Bridgeport. He was released on a \$100,000 bond, which is secured by two properties.

U.S. Attorney Fein and FBI Special Agent in Charge Mertz noted that the investigation into this alleged scheme is ongoing, and asked individuals who believe they may be a victim of this scheme, or anyone with information related to this scheme, to contact FBI Special Agent Wendy Bowersox at (203) 777-6311.

If convicted, of mail fraud, VIOLA faces a maximum term of imprisonment of 20 years.

U.S. Attorney Fein stressed that a complaint is only a charge and is not evidence of guilt. The defendant is entitled to have this matter presented to a grand jury and, in the event an indictment is returned, he is entitled to a trial at which it will be the Government's burden to prove guilt beyond a reasonable doubt.

This matter is being investigated by the Federal Bureau of Investigation, with the assistance of the Stamford Police Department. The case is being prosecuted by Senior Litigation Counsel Richard J. Schechter.

In December 2010, the U.S. Attorney's Office and several law enforcement and

regulatory partners announced the formation of the Connecticut Securities, Commodities and Investor Fraud Task Force, which is investigating matters relating to insider trading, market manipulation, Ponzi schemes, investor fraud, financial statement fraud, violations of the Foreign Corrupt Practices Act, and embezzlement. The Task Force includes representatives from the U.S. Attorney's Office; Federal Bureau of Investigation; Internal Revenue Service – Criminal Investigation; U.S. Secret Service; U.S. Postal Inspection Service; U.S. Department of Justice's Criminal Division, Fraud Section and Antitrust Division; U.S. Securities and Exchange Commission (SEC); U.S. Commodity Futures Trading Commission (CFTC); Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Office of the Chief State's Attorney; State of Connecticut Department of Banking; Greenwich Police Department and Stamford Police Department.”

To find additional federal criminal news, please read [Federal Criminal Defense Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.

Former Member of Virginia House of Delegates Sentenced to 114 Months in Prison for Bribery and Extortion

(USDOJ: Justice News)

Submitted at 1:15 PM August 12, 2011

Phillip A. Hamilton, a former member of the Virginia House of Delegates, was sentenced today to 114 months in prison after he was previously convicted of soliciting employees of Old Dominion University (ODU) for a paid position in

exchange for introducing a budget amendment to fund the position, announced Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division and U.S. Attorney Neil H. MacBride for the Eastern District of Virginia.

Former NASDAQ Managing Director Sentenced to 42 Months in Prison for Insider Trading

(USDOJ: Justice News)

Submitted at 11:06 AM August 12, 2011

Donald Johnson, a former managing director of the NASDAQ Stock Market, was sentenced today to 42 months in prison for engaging in insider trading on multiple occasions based on material, non-public information he obtained in his capacity as a NASDAQ executive.



Roxanne Janel Jones and Taj A. Isaiah Indicted by a Kansas City Federal Grand Jury for Conspiracy and Wire Fraud. Jones is also Charged with Mail Fraud and Aggravated Identity Theft.

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 8:35 AM August 12, 2011

The U.S. Attorney's Office District of Kansas on August 11, 2011 released the following:

"Indictment: Adoption Fraud Targeted Would-Be Parents For Cash, Gifts

KANSAS CITY, KAN. – A Kansas City woman and a man who allegedly posed as her boyfriend have been indicted on charges of running an adoption scam in which she pretended to be pregnant with twins and willing to let them be adopted in return for money and gifts, U.S. Attorney Barry Grissom said today.

The indictment alleges the defendants defrauded 14 couples who spent money hiring attorneys and adoption agencies, purchasing airline tickets, booking hotel rooms and making gifts they believed would pave the way for them to adopt.

Roxanne Janel Jones, 34, Kansas City, Mo., and Taj A. Isaiah, 28, Kansas City, Mo., are charged with one count of conspiracy and four counts of wire fraud. In addition, Jones is charged with three counts of mail fraud and one count of aggravated identity theft.

Jones initially was charged in a criminal complaint filed April 13, 2011, in U.S. District Court in Kansas City.

The indictment alleges Isaiah was an acquaintance of Jones who helped her with the scam by pretending at various times to be her husband, her boyfriend or her landlord. The indictment alleges the defendants defrauded couples from California, Georgia, Massachusetts, Minnesota, New York and Tennessee, as well as Bonner Springs, Kan., Olathe, Kan., Shawnee, Kan., Leavenworth, Kan., and Florence, Kan.

In one case, the indictment alleges, Jones contacted American Adoptions, an adoption agency in Overland Park, Kan., claiming to be pregnant with twin boys and willing to give them up for adoption. Jones told the company's adoption specialist she needed help with rent and groceries. As a result, a couple in Minnesota wired \$16,265 to an escrow account in Kansas City and the adoption agency began drawing from the account to make payments to Jones.

In another case, the indictment alleges, a California couple flew to Kansas City where they took Jones and Isaiah to dinner and bought Jones massages, a haircut, groceries and meals. When Jones sent them texts to say the twins had been born and could be picked up at the nursery at

KU Medical Center, the hospital told the couple there was no record of Jones giving birth. When Jones tried to renew the talk of adoption, she told the couple at various times she had been diagnosed with a brain tumor and she had been injured in a car accident.

Upon conviction, the crimes carry the following penalties:

Conspiracy: A maximum penalty of 20 years in federal prison and a fine up to \$1 million.

Wire fraud: A maximum penalty of 20 years in federal prison and a fine up to \$1 million on each count.

Mail fraud: A maximum penalty of 20 years in federal prison and a fine up to \$1 million on each count.

Aggravated identity theft: A mandatory two years consecutive to other sentences and a fine up to \$250,000.

The Overland Park Police Department and the U.S. Secret Service investigated. U.S. Attorney Barry Grissom and Assistant U.S. Attorney Chris Oakley are prosecuting.

OTHER INDICTMENTS

A grand jury meeting in Kansas City, Kan., also returned the following indictments:

Craig Williams, 21, is charged with one count of possession with intent to distribute crack cocaine and one count of unlawful possession of a firearm in furtherance of drug trafficking. The crimes are alleged to have occurred April 28, 2011, in Kansas City, Kan.

If convicted, he faces a penalty of not less than 5 years and not more than 40 years in federal prison and a fine up to \$5 million on the possession with intent to distribute charge, and a penalty of not less than 5 years and not more than life and a fine up to \$250,000 on the firearms charge. The Kansas City, Kan., Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives investigated. Assistant U.S. Attorney Scott Rask is prosecuting.

Jeffrey Whitmore, 37, Kansas City, Kan., is charged with one count of possession with intent to distribute marijuana, one count of possession with intent to distribute crack cocaine, one count of unlawful possession of a firearm in furtherance of drug trafficking and one count of unlawful possession of a firearm after a felony conviction. The crimes are alleged to have occurred July 20, 2011, in Kansas City, Kan.

Upon conviction, the crimes carry the following penalties:

Possession with intent to distribute marijuana: A maximum penalty of five

years in federal prison and a fine up to \$250,000.

Possession with intent to distribute crack cocaine: A maximum penalty of 20 years and a fine up to \$1 million.

Unlawful possession of a firearm in furtherance of drug trafficking: Not less than five years and not more than life and a fine up to \$250,000.

Unlawful possession of a firearm after a felony conviction: A maximum penalty of 10 years and a fine up to \$250,000.

The Kansas City, Kan., Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives investigated. Assistant U.S. Attorney Sheri McCracken is prosecuting.

John B. Holmes, 34, is charged with one count of unlawful possession of a firearm in furtherance of drug trafficking, one count of possession with intent to distribute marijuana within 1,000 feet of Olathe North High School, one count of unlawful possession of a firearm after a felony conviction, and one count of maintaining a residence for the purpose of drug trafficking. The crimes are alleged to have occurred March 17, 2011, in Johnson County, Kan.

Upon conviction the crimes carry the following penalties:

Unlawful possession of a firearm in furtherance of drug trafficking: Not less than five years and not more than life and a fine up to \$250,000.

Possession with intent to distribute within 1,000 feet of a school: Not less than one year and not more than 10 years and a fine up to \$50,000.

Unlawful possession of a firearm after a felony conviction: A maximum penalty of 10 years and a fine up to \$250,000.

Maintaining a residence in furtherance of drug trafficking: Not less than one year and not more than 40 years and a fine up to \$1 million.

The Olathe Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives investigated. Assistant U.S. Attorney Sheri McCracken is prosecuting.

Jimmy A. Barnes, 41, Iola, Kan., and Stacy Lynn Burdine, 42, Iola, Kan., are charged with two counts of distributing methamphetamine and one count of possession with intent to distribute methamphetamine. In addition, Barnes is charged with one count of unlawful possession of a firearm in furtherance of a drug trafficking crime, one count of unlawful possession of a sawed off

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Health Insurance Executives Indicted in a Superseding Indictment Unsealed in Boston Federal Court

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 7:06 AM August 12, 2011

The U.S. Attorney's Office District of Massachusetts on August 11, 2011 released the following:

“HEALTH INSURANCE EXECUTIVES INDICTED

BOSTON, Mass...Seven men and two women have been indicted for a wide array of crimes committed between 2006 and 2010 through a Massachusetts health insurance company that did business as HMA Direct.

The 29-count superseding indictment unsealed today in Federal court brings charges against several senior executives of the company, including former Chief Executive Officer JEDEDIAH L. BRETTSCHEIDER, 35, of Phoenix. The indictment also charges several of the principal investors in the company.

At the heart of the conspiracy charged in the indictment was HMA Direct's practice of excluding from coverage, or “carving out,” clients with health risks so severe that they might interfere with HMA Direct's bottom line. It is alleged that BRETTSCHEIDER and many of the other defendants knew, such “carving out” was illegal (albeit not criminal). It is alleged that BRETTSCHEIDER and the other defendants knew that in order to succeed with a business model that relied on fundamentally unlawful behavior, they needed to conceal important aspects of their business from clients, other health insurance companies and government agencies.

The indictment alleges dozens of false statements and misrepresentations that the conspirators made in furtherance of their scheme. This includes that BRETTSCHEIDER made false statements to several government agencies about his criminal background in order to obtain insurance producer licenses; after BRETTSCHEIDER's criminal history received widespread publicity, he made further false statements about his background to business associates in order to perpetuate the scheme; the conspirators made false statements to clients in order to obtain health information to facilitate the “carving out” employees with expensive medical conditions; the conspirators arranged for two HMA Direct investors, FRANCIS GAETANI, a/k/a “FRAN,” a/k/a “GUIDO” and RONALD ANGER, to pretend that they were satisfied customers of the company and to provide fake

references to prospective clients; the conspirators invented fictitious companies and fabricated documents, including employee wage reports, in order to disguise their “carving out” of employees with expensive medical conditions; the conspirators impersonated insured employees in telephone calls.

The indictment also charges BRETTSCHEIDER with intentionally misapplying funds that clients had entrusted to HMA Direct to pay health claims. According to the indictment, HMA Direct's controller calculated that by May 2009, BRETTSCHEIDER had shortchanged the account that held client claims moneys by more than \$1.7 million. At the same time, BRETTSCHEIDER allegedly used money from HMA Direct to purchase the following: a membership at an exclusive golf club (\$86,945); a BMW that he used during personal time (\$23,049); clothing from Neiman Marcus, including Armani and Zegna apparel (\$13,492); cigars (\$3,627 over an 18-month period); and a night at the luxury New York Palace Hotel on New Year's Eve 2009 (\$1,077).

In addition, the indictment charges BRETTSCHEIDER with embezzling a total of \$401,724 from HMA Direct on two occasions in the spring of 2010.

Finally, the indictment charges BRETTSCHEIDER and co-defendants SHELLEY LENKUTIS and RACHEL ANGER with obstruction of justice. According to the indictment, when HMA Direct came under investigation by various state insurance regulators in the Spring of 2009, the defendants altered, destroyed, mutilated, and concealed documents in the company's files that referred to “carve-outs.” For example, it is alleged that the defendants moved some incriminating documents – which they referred to as the “secret James Bond files” – to secluded parts of the building or to locations off-site. It is further alleged that the defendants and others also used white-out to cover up the word “carve-out”; shredded incriminating documents; forged signatures; and created fake documents.

U.S. Attorney Carmen M. Ortiz noted, “At a time when health insurance costs are straining American workers and businesses, we put a high priority on those who would profit by manipulating the system and by fraudulently dumping expenses on others.”

“What is noteworthy about this otherwise

basic scheme is that when Messrs. Gaetani and Cassandro discovered Mr. Brettschneider's alleged fraud, instead of reporting his fraud to law enforcement authorities, they allegedly chose to look the other way. By doing so, they, and other employees who also knew of the fraud, placed the health and well-being of those insured by HMA Direct at risk. The joint investigation of the financial fraud aspect of this case should be a warning to managers in private and public companies that not reporting illegal conduct has severe repercussions,” said Richard DesLauriers, Special Agent in Charge of the Federal Bureau of Investigation, Boston Field Office.

“This criminal action demonstrates the Labor Department's resolve to vigorously enforce the laws to ensure that those who scheme, misappropriate, misrepresent and deceive small business self-insured health plans as well as the health insurance market for their own financial gain are brought to justice,” said Edward Maloney, Acting Director of the Boston Regional Office for the U.S. Department of Labor, Employee Benefits Security Administration.

“The U.S. Postal Inspection Service is proud to join our law enforcement partners in announcing this indictment,” said Robert Bethel, Inspector in Charge of the U.S. Postal Inspection Service. “The Postal Inspection Service has a long standing commitment protecting consumers from fraud. This indictment sends a clear message to anyone who would prey on the American consumer: you will be caught and will be prosecuted.”

“Today's indictment serves as a stern warning to those who would commit health care fraud against Employee Retirement Income Security Act covered employer benefit plans. The OIG remains firmly committed to work with our law enforcement partners to investigate these types of crimes,” stated Robert Panella, Special Agent-in-Charge for the New York Region of the U.S. Department of Labor's Office of Inspector General, Office of Labor Racketeering and Fraud Investigations.

If convicted, BRETTSCHEIDER faces up to 20 years imprisonment on the obstruction of justice count and on each count of wire fraud; up to 10 years imprisonment for each count of health

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shotgun, and one count of unlawful possession of a firearm while a user of controlled substances. The crimes are alleged to have occurred in January and February 2011 in Allen County, Kan.

Upon conviction, the crimes carry the following penalties:

Distributing methamphetamine: A maximum penalty of 20 years and a fine up to \$1 million.

Possession with intent to distribute methamphetamine: A maximum penalty of 20 years and a fine up to \$1 million.

Unlawful possession of a firearm in furtherance of drug trafficking: Not less than 10 years and not more than life and a fine up to \$4 million.

Unlawful possession of a sawed off shotgun: A maximum penalty of 10 year and a fine up to \$250,000.

Unlawful possession of a firearm by a user of controlled substances: A maximum penalty of 10 year and a fine up to \$250,000.

The Kansas Bureau of Investigation investigated. Special Assistant U.S. Attorney Aaron Smith is prosecuting.

Leon Smith, 54, is charged with one count of distributing child pornography and one count of possessing child pornography. The crimes are alleged to have occurred in June and November 2010 in Leavenworth, Kan.

If convicted, he faces a penalty of not less than five years and not more than 20 years and a fine up to \$250,000 on the distribution charge, and a maximum penalty of 10 years and a fine up to \$250,000 on the possession charge. The FBI investigated. Assistant U.S. Attorney Scott Rask is prosecuting.

Raul Zapata-Martinez, 35, a citizen of Mexico, is charged with unlawfully re-entering the United States after being deported. He was found July 20, 2011, in Wyandotte County, Kan.

If convicted, he faces a maximum penalty of 20 years without parole and a fine up to \$250,000. Immigration and Customs Enforcement's Homeland Security

Investigations investigated. Assistant U.S. Attorney Jabari Wamble is prosecuting.

Manuel Amparan-Mendoza, a citizen of Mexico, is charged with three counts of possession and use of false documents and three counts of aggravated identity theft. The crimes are alleged to have occurred at various times in 2008, 2010 and 2011 in Sedgwick County, Kan.

If convicted, he faces a maximum penalty of 10 years without parole and a fine up to \$250,000 on each false document charge and a mandatory two years consecutive to any other sentence on each aggravated identity theft count. The Wichita Police Department and Immigration and Customs Enforcement's Homeland Security Investigations investigated. Assistant U.S. Attorney Brent Anderson is prosecuting.

Laura Velasquez-Galvan, 26, a citizen of Mexico, is charged with one count of possession of false documents, three counts of aggravated identity theft, one count of making a false statement on an I-9 Employment Eligibility Verification form, and one count of misusing a Social Security card. The crimes are alleged to have occurred in 2007 in Saline County, Kan.

Upon conviction, the crimes carry the following penalties:

Possession of false documents: A maximum penalty of 10 years in federal prison without parole and a fine up to \$250,000.

Aggravated identity theft: A mandatory two years in prison to run consecutively to any other sentence on each count and a fine up to \$250,000.

False statement on an I-9 form: A maximum penalty of five years without parole and a fine up to \$250,000.

Misusing a Social Security number: A maximum penalty of five years without parole and a fine up to \$250,000.

The Salina Police Department and Immigration and Customs Enforcement's Homeland Security Investigations investigated. Assistant U.S. Attorney Brent Anderson is prosecuting.

Michael E. Best, 46, Scammon, Kan., is charged with one count of distributing Hydrocodone within 1,000 feet of a public school and one count of possessing Hydrocodone within 1,000 feet of a public school. The crimes are alleged to have occurred in June and July 2011 in Cherokee County, Kan.

If convicted, he faces a penalty of not less than one year and not more than 20 years without parole and a fine up to \$1 million on each count. The Cherokee County Sheriff's Department and the Kansas Bureau of Investigation investigated. Assistant U.S. Attorney Brent Anderson is prosecuting.

Larry L. Lyons, 57, Wichita, Kan., is charged with one count of fraudulently receiving Social Security Disability Insurance benefits. The crime is alleged to have occurred Dec. 20, 2010, in Sedgwick County, Kan.

If convicted, he faces a maximum penalty of five years without parole and a fine up to \$250,000. The Social Security Administration – Office of Inspector General and the Kansas Department of Revenue investigated. Assistant U.S. Attorney Brent Anderson is prosecuting.

In all cases, defendants are presumed innocent until and unless proven guilty. The indictments merely contain allegations of criminal conduct.”

To find additional federal criminal news, please read [Federal Criminal Defense Daily](#).

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Former Owners of Florida Airline Fuel Supply and Indiana Flight Management Services Companies Plead Guilty in Schemes to Defraud Ryan International Airlines

(USDOJ: Justice News)

Submitted at 2:47 PM August 12, 2011

A former owner and operator of a Florida-based airline fuel supply service company and a former owner and operator of an Indiana-based flight management

services company pleaded guilty today to participating in separate schemes to defraud Ryan International Airlines, a charter airline company located in Rockford, Ill.

FBI's Top Ten News Stories for the Week Ending August 12, 2011

fbi (Current)

Submitted at 6:00 AM August 12, 2011

— Washington, D.C.

Federal Court Shuts Down Chicago-Area Tax Return Preparer

(USDOJ: Justice News)

Submitted at 3:42 PM August 12, 2011

A federal court has permanently barred a woman and her suburban Chicago

business from preparing federal tax returns for others.

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care fraud, intentional misapplication of funds of a health care benefit program, theft or embezzlement in connection with health care, and making false material statements to an insurance regulatory agency; mandatory two year sentence, consecutive to the sentence he would otherwise receive, for aggravated identity theft; and up to five years imprisonment on each of the remaining crimes.

MICHAEL CASSANDRO, 44, of Middleton, R.I., owned part of HMA Direct and variously oversaw the sales and third party administrative arms of the company. CASSANDRO is charged with health care fraud and conspiracy. If convicted on these charges, he faces up to 10 years imprisonment for each count of health care fraud and up to five years imprisonment on the conspiracy count. CASSANDRO is also subject to a fine of up to \$250,000 and up to three years of supervised release on each count.

FRANCIS GAETANI, a/k/a "FRAN," a/k/a "GUIDO", 56, of Sutton, Mass., was an investor in HMA Direct. GAETANI is charged with wire fraud and conspiracy. If convicted on these charges, he faces up to 20 years imprisonment for each count of wire fraud and up to five years imprisonment on the conspiracy count.

RONALD ANGER, 54, of Sutton, was an investor in HMA Direct. He is charged with wire fraud and one count of conspiracy. If convicted on these charges, he faces up to 20 years imprisonment for the wire fraud count and up to five years imprisonment on the conspiracy count.

WILLIAM O'BRIEN, 47, of West Barnstable, Mass. was both a sales agent for HMA Direct and a manager of other sales agents. O'BRIEN is charged with wire fraud, health care fraud, obtaining customer information from a financial

institution by false representation, aggravated identity theft, and conspiracy. If convicted, O'BRIEN faces up to 20 years imprisonment on each count of wire fraud; up to 10 years imprisonment for each count of health care fraud; a mandatory two year sentence, consecutive to the sentence he would otherwise receive, for aggravated identity theft; and up to five years imprisonment for conspiracy and obtaining customer information from a financial institution by false representation.

MARK CELENTANO, 60, of Ipswich, Mass., was both a sales agent for HMA Direct and a manager of other sales agents. CELENTANO is charged with two counts of health care fraud, one count of obstruction of a criminal investigation of health care offenses and one count of conspiracy. If convicted on these charges, CELENTANO faces up to 10 years imprisonment for each count of health care fraud and up to five years imprisonment on the obstruction and conspiracy counts.

KEVIN BROWN, 46, of Stuart, Fla., oversaw the underwriting arm of HMA Direct. BROWN is charged with two counts of health care fraud, one count of aggravated identity theft and one count of conspiracy. If convicted on these charges, he faces up to 10 years imprisonment for each count of health care fraud, up to five years imprisonment on the conspiracy count and a mandatory two year sentence, consecutive to the sentence he would otherwise receive, for aggravated identity theft.

SHELLEY LENKUTIS, 37, of Waltham, Mass., oversaw the underwriting arm of HMA Direct. LENKUTIS is charged with one count of obstruction of justice and one count of conspiracy. If convicted on these

charges, she faces up to 20 years imprisonment for obstruction of justice and up to five years imprisonment for conspiracy.

RACHEL ANGER, 23, of Sutton, worked in the sales, third party administrative, and underwriting arms of the company. She is charged with health care fraud, wire fraud, obstruction of justice and conspiracy. If convicted on these charges, she faces up to 20 years imprisonment for wire fraud and obstruction of justice, up to 10 years imprisonment for health care fraud, and up to five years imprisonment for conspiracy.

U.S. Attorney Ortiz; SAC Panella; Acting Director Maloney; SAC DesLauriers; and Inspector in Charge Bethel made the announcement today.

The details contained in the indictment are allegations. The defendants are presumed to be innocent unless and until proven guilty beyond a reasonable doubt in a court of law."

To find additional federal criminal news, please read [Federal Criminal Defense Daily](#).

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Richard Rufo Charged in a Federal Criminal Complaint Alleging Disability Fraud

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 9:17 AM August 12, 2011

The U.S. Attorney's Office District of New Jersey on August 11, 2011 released the following:

"MINT POLICE OFFICER ARRESTED, CHARGED IN NEW JERSEY FOR ALLEGED DISABILITY FRAUD CAMDEN, N.J. – A police officer employed by the U.S. Treasury at the Philadelphia Mint was arrested this morning at his Mt. Laurel, N.J., residence for allegedly defrauding the government by collecting disability benefits to which he was not entitled, U.S. Attorney Fishman announced.

Richard Rufo, 49, was taken into custody by special agents of the U.S. Treasury Department's and Department of Labor's Offices of Inspector General, and is expected to make an initial appearance this afternoon before U.S. Magistrate Judge Ann Marie Donio in Camden federal court.

Rufo is charged by Complaint with one count of fraud against the United States, filed in connection with his alleged receipt of approximately \$173,000 in federal workers' compensation benefits while making hundreds of thousands in unreported income running a memorabilia business on the side.

According to the Complaint unsealed

today:

In September 2008, Rufo reported that he injured his back closing a gate at the mint, and was unable to perform his duties as a result. He also declined an offer to take a sedentary job at the mint, claiming it would be too strenuous. From September 2008 through August 2011, Rufo received compensation benefits of more than \$173,000.

On three separate occasions since the reported injury, Rufo completed forms to obtain federal workers' compensation benefits on which he fraudulently claimed that he had not worked for any employer

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Herschel A. Breig and James Cheek Indicted by a Lubbock Federal Grand Jury

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 11:32 AM August 12, 2011

The U.S. Attorney's Office Northern District of Texas on August 11, 2011 released the following: "FEDERAL GRAND JURY INDICTS FORMER OPERATORS OF HIGHLAND MEDICAL CENTER IN LUBBOCK, TEXAS, ON TAX AND EMBEZZLEMENT CHARGES LUBBOCK, Texas — A federal grand jury in Lubbock, Texas, returned an indictment yesterday afternoon charging Herschel A. Breig and James Cheek with various offenses related to their operation of Highland Medical Center in Lubbock, announced U.S. Attorney James T. Jacks of the Northern District of Texas. Specifically, the indictment charges each defendant with seven counts of failing to pay over payroll taxes to the Internal Revenue Service (IRS) and one count of theft or embezzlement in connection with health care. It is expected that Breig and Cheek will surrender to authorities within the next few weeks.

According to the indictment, in March 2006, Breig and Cheek acquired control of Highland Medical Center (HMC). HMC was purchased by Shiloh Health Services, which involved other individuals, but was essentially controlled by Breig and Cheek. Cheek was Shiloh's founder, Chief Executive Officer (CEO) and President; Breig served as Shiloh's Vice-President

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in the past 15 months, been self-employed, nor received any income or actual earnings outside of the disability payments.

In reality, Rufo operated United Safety Supply Co. ("USS") – which sells law enforcement badges, pins, patches, coins, t-shirts, and hats – out of his residence. In telephone calls monitored during the investigation, Rufo stated that he has been so busy that trucks had routinely been at his house twice a day for deliveries and boasted that USS had a long list of federal clients.

Rufo was also observed by law enforcement selling memorabilia from a booth at the annual Police Week in Washington, D.C., in May 2010, and setting up tables and selling at the same event in May 2011.

Between September 2008 and November 2010, Rufo made more than \$1.1 million

and Secretary.

From March 2006 to May 2008, Cheek acted as HMC's CEO, exercising control over every aspect of HMC's business affairs. During that same time period, Breig acted as HMC's Senior Vice-President of Cash Management, exercising control over HMC's financial business affairs, including the payment of taxes owed by HMC.

During this March 2006 to May 2008 time frame, according to the indictment, Breig and Cheek caused HMC to make thousands of dollars of expenditures for their personal benefit, while at the same time, failed to pay over to the U.S. payroll taxes withheld from HMC's employees' paychecks and failed to remit monies withheld from HMC's employees' paychecks for various employee benefits, including health insurance, dental coverage and group life insurance.

The indictment alleges that as responsible parties for HMC, the defendants failed to pay over \$1,856,529 in payroll taxes to the IRS.

With regard to the theft or embezzlement in connection with health care charge, the indictment alleges that from April 2007 to June 2008, Breig and Cheek embezzled \$135,079 from Shiloh Health Services, Inc. Medical and Drug Plans, in that they did not forward or remit the Plan's premiums, which had been withheld from employees' pay, thereby causing the Plans to be terminated in December 2007. The

in gross receipts and netted approximately \$318,000 through his company.

The count with which Rufo is charged carries a maximum potential penalty of five years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense.

U.S. Attorney Fishman credited special agents of the Department of Treasury Office of Inspector General, under the direction of Special Agent in Charge John L. Phillips; and the U.S. Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, under the direction of Special Agent in Charge Robert L. Panella, with the investigation leading to the arrest.

The government is represented by V. Grady O'Malley, Senior Litigation Counsel, of the U.S. Attorney's Office Organized Crime/Gangs Unit in Newark.

indictment further alleges that Breig and Cheek continued to deduct the premiums from employees' pay until June 2008, even though the Plans had been terminated.

An indictment is an accusation by a federal grand jury, and a defendant is entitled to the presumption of innocence unless proven guilty. However, if convicted, each of the seven tax counts carries a maximum statutory sentence of five years in prison and a \$250,000 fine. The theft or embezzlement in connection with health care count carries, upon conviction, a maximum statutory sentence of 10 years in prison and a \$250,000 fine. Restitution could also be ordered.

The case is being investigated by the IRS – Criminal Investigation and the U.S. Department of Labor. Assistant U.S. Attorney Ann C. Roberts of the U.S. Attorney's Office in Lubbock, is in charge of the prosecution."

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.

The charges and allegations contained in the Complaint are merely accusations, and the defendant is considered innocent unless and until proven guilty."

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Debra Rucker Brown Indicted by a Lubbock Federal Grand Jury with Theft Concerning Programs Receiving Federal Funds

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 10:29 AM August 12, 2011

The U.S. Attorney's Office Northern District of Texas on August 11, 2011 released the following:
"FEDERAL GRAND JURY INDICTS FORMER EXECUTIVE DIRECTOR OF CHILDREN'S ADVOCACY CENTER OF TOM GREEN COUNTY, INC.

Defendant Allegedly Stole More than \$237,000 From Center

LUBBOCK, Texas — A federal grand jury in Lubbock returned an indictment yesterday afternoon charging San Angelo, Texas, resident, Debra Rucker Brown, with six counts of theft concerning programs receiving federal funds, announced U.S. Attorney James T. Jacks of the Northern District of Texas. Brown is expected to surrender to authorities within the next few weeks.

Brown, 51, served as the Executive Director of the Children's Advocacy Center (CAC) of Tom Green County for more than 16 years — from August 1994 through February 2011. The CAC is a non

-profit program that operates Court Appointed Special Advocates (CASA); Hope House; Family Enrichment Services (FES); and the Child Fatality Review Team (CFRT). CAC's funding comes mostly from grants and contracts for services, with the balance coming from charitable contributions and money raised through special events it hosts. A significant source of the grant funding is provided by the U.S. government through Department of Justice and Department of Health and Human Services.

According to the indictment, from January 2005 through December 31, 2010, Brown stole approximately \$237,013 from the CAC. She submitted and processed fictitious reimbursement forms for items she supposedly purchased for CAC, or one of its programs, and for supposed CAC-related expenses, including travel expenses she and others incurred. She caused CAC checks to be issued to her without any supporting documentation and either deposited the checks into her personal checking account, cashed them or submitted them as payment on her

personal credit card accounts.

An indictment is an accusation by a federal grand jury, and a defendant is entitled to the presumption of innocence unless proven guilty. If convicted, however, each of the counts carries a maximum statutory sentence of 10 years in prison and a \$250,000 fine. In addition, restitution could be ordered.

The case is being investigated by the FBI and the Texas Rangers. Assistant U.S. Attorney Ann C. Roberts of the U.S. Attorney's Office in Lubbock is in charge of the prosecution."

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Dr. Eugene Demczuk and Nicholas Cukier Charged in a Federal Criminal Complaint with Conspiring to Distribute Oxycodone

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 9:02 AM August 12, 2011

The U.S. Attorney's Office Southern District of New York on August 11, 2011 released the following:

"MANHATTAN U.S. ATTORNEY CHARGES DOCTOR AND ASSOCIATE WITH ILLEGALLY DISTRIBUTING OXYCODONE

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and RAYMOND W. KELLY, the Police Commissioner of the City of New York ("NYPD"), announced the arrests today of Dr. EUGENE DEMCZUK, a Brooklyn and New Jersey medical physician, and his associate NICHOLAS CUKIER with conspiring to distribute oxycodone, a prescription painkiller, for cash, without a legitimate medical purpose. DEMCZUK and CUKIER will be presented later today

in Manhattan federal court before U.S. Magistrate Judge KEVIN NATHANIEL FOX.

According to the Complaint unsealed today in Manhattan federal court:

On numerous occasions from November 2010 to April 2011, DEMCZUK and CUKIER sold 30 mg prescriptions of oxycodone pills to an undercover FBI officer for \$150 a prescription. Before providing the prescription, DEMCZUK did not perform a medical examination nor did he request additional medical information from the undercover officer. DEMCZUK also provided the undercover officer with prescriptions for other individuals.

Oxycodone is a powerful painkiller with a high potential for addiction and abuse. It is sold on the street as a substitute for heroin and other illegal drugs.

DEMCZUK, 66, of Livingston, New Jersey, and CUKIER, 24, of Edison, New Jersey, are each charged with one count of conspiracy to distribute oxycodone and one count of distributing oxycodone.

Mr. BHARARA praised the investigative work of the FBI and the NYPD, and thanked the New York State Bureau of Narcotics Enforcement for their assistance in the investigation. He added that the investigation is continuing.

This case is being handled by the Office's Narcotics Unit. Assistant U.S. Attorneys RYAN P. POSCABLO and JESSICA ORTIZ are in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty."

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

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