



15 Arrests in an Alleged International Online Drug Probe

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

Submitted at 3:40 PM April 16, 2012

Associated Press on April 16, 2012 released the following:

“By ROBERT JABLON

LOS ANGELES (AP) — A sophisticated online drug marketplace that sold everything from marijuana to mescaline to some 3,000 people around the world has been cracked with the arrests of 15 people in several countries, U.S. authorities announced Monday.

An indictment unsealed in federal court in Los Angeles claims eight men ran “The Farmer’s Market,” which allowed suppliers of drugs – including LSD, Ecstasy and ketamine – to anonymously sell their wares online. They hooked up with buyers in 34 countries and accepted various forms of payment, including cash, Western Union and PayPal transactions, the indictment claims.

From 2007 to 2009 alone, the marketplace processed more than 5,000 orders for drugs valued at more than \$1 million, federal officials contended. It began operations as far back as March 2006, authorities said.

The market “provided a controlled substances storefront, order forms, online forums, customer service, and payment methods for the different sources of supply” and charged the suppliers a commission based upon the value of the order, according to a statement from the U.S. attorney’s office in Los Angeles. “For customers, the operators screened all sources of supply and guaranteed delivery of the illegal drugs,” the statement said.

The alleged ringleader, Dutch citizen Marc Willems, 42, was arrested Monday at his home in Lelystad in the Netherlands, officials said.

Michael Evron, 42, a United States citizen living in Buenos Aires, Argentina, was taken into custody on Sunday in Bogota, Colombia, authorities said.

The other six men were arrested at their homes. They are identified as Jonathan Colbeck, 51, of Urbana, Iowa; Brian Colbeck, 47, of Coldwater, Mich.; Ryan

Rawls, 31, of Alpharetta, Ga.; Jonathan Dugan, 27, of North Babylon, N.Y.; George Matzek, 20, of Secaucus, N.J.; and Charles Bigras, 37, of Melbourne, Fla.

It was not immediately clear whether the men had obtained lawyers.

The 12-count indictment charges all eight men with conspiracy to distribute controlled substances and money laundering conspiracy. Some of the men also are charged with distributing LSD and taking part in a continuing criminal enterprise.

All could face a maximum sentence of life in prison if convicted of conspiracy.

In addition, seven other people were arrested on suspicion of drug crimes Monday in the Netherlands, Georgia, New Hampshire, Pennsylvania, and New Jersey, and authorities seized hallucinogenic mushrooms, hashish, LSD, marijuana and Ecstasy, the U.S. attorney’s office said.

The investigation led to those arrests, but authorities still were trying to determine their connections to the online marketplace, said Assistant U.S. Attorney Kevin S. Rosenberg.

The two-year investigation, dubbed “Operation Adam Bomb,” involved law enforcement agents from several U.S. states and several countries, including Colombia, the Netherlands and Scotland, the U.S. attorney’s office said.

The case was filed in Los Angeles because some of the customers and an undercover agent who bought drugs through the marketplace are from the area, Rosenberg said.

“Illegal narcotics trafficking now reaches every corner of our world, including our home computers,” U.S. Attorney Andre Birotte Jr. said in the statement. “But the reach of the law is just as long. ... We want to make the Internet a safe and secure marketplace by rooting out and prosecuting those persons who seek to illegally pervert and exploit that market.”

The marketplace “was distributing dangerous and addictive drugs to every corner of the world, and trying to hide their activities through the use of

advanced anonymizing online technology,” said Briane M. Grey, acting special agent in charge of the Los Angeles Field Division for the Drug Enforcement Administration.

The marketplace allegedly used the Tor network, which spreads website and email communications through a volunteer network of servers around the world in order to mask Internet address information.

Tor originally was developed at a project of the U.S. Naval Research Laboratory to protect government communications. The free software and open network is used to prevent websites from tracking users, getting access to websites blocked by Internet providers, and providing anonymity for online users and online publishers. It is used by “normal people, the military, journalists, law enforcement officers, activists, and many others,” according to the Tor Project website.”

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Documents provide rare insight into FBI's terrorism stings

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

Submitted at 11:30 AM April 16, 2012

The Washington Post on April 13, 2012 released the following:

“By Peter Finn

Days before his arrest in Pittsburgh last month, Khalifa Ali al-Akili posted a remarkable message on his Facebook page: A mysterious man who spoke often of jihad had tried to interest Akili in buying a gun, then later introduced him to a second man, whom Akili was assured was “all about the struggle.”

It smelled, Akili wrote on Facebook, like a setup.

“I had a feeling that I had just played out a part in some Hollywood movie where I had just been introduced to the leader of a ‘terrorist’ sleeper cell,” Akili wrote.

When he googled a phone number provided by the second man, it turned out to be to Shahed Hussain, one of the FBI's most prolific and controversial informants for terrorism cases. Soon the sting was off; Akili was subsequently arrested on gun — not terrorism — charges, which he has denied.

It was a rare miss for Hussain, 55, who has played a wealthy, dapper member of a Pakistani terrorist group in several FBI operations over nearly a decade.

This role has inflamed Muslim and civil rights activists, who describe Hussain as an “agent provocateur,” and prompted harsh comments from the presiding judge in a 2010 case, who questioned his honesty and the aggressiveness of the FBI's tactics.

“I believe beyond a shadow of a doubt that there would have been no crime here except the government instigated it, planned it and brought it to fruition,” said U.S. District Judge Colleen McMahon at the sentencing of four men from Newburgh, N.Y., convicted on terrorism charges. She added, “That does not mean there was no crime.”

Hussain declined to speak about his work for the FBI, saying in a brief phone interview, “I can't say anything for security reasons.” The FBI declined to discuss Hussain or McMahon's comments.

But the blown Pittsburgh sting and the voluminous court records from the 2010 case have provided rare insight into a tactic used increasingly by the FBI since the Sept. 11, 2001, attacks in which suspects are monitored almost from the beginning of plots and provided with means to help them carry them out. The targets in such stings have included

Washington's Metro subway system, the Pentagon and the U.S. Capitol.

There have been 138 terrorism or national security cases involving informants since 2001, and 51 of those have come over the past three years, according to the Center on National Security at Fordham Law School in New York. The center said the government secured convictions in 91 percent of those cases.

Law enforcement officials say stings are a vital tactic for heading off terrorism. But civil rights activists and others say the FBI has been identifying individuals with radical views who, despite brash talk, might have little ability to launch attacks without the government's help.

“It almost seems like the government is creating a theatrical event that produces more fear in the community,” said Michael German, a senior policy counsel at the American Civil Liberties Union and a former FBI agent who worked undercover.

Yet in these terrorism stings, every attempted defense that has alleged entrapment by the government has failed, according to Fordham's Center on National Security. The FBI said that record speaks volumes and rejected any suggestion that it has invented terrorist plots. “They present the idea,” FBI spokesman Kathleen Wright said of the targets of investigations. “It is not us coming up with these ideas.”

Officials said the subjects of these stings are the ones who first generate suspicion — by contacting terrorists overseas, attempting to secure weapons or speaking of a desire to commit violence.

One of the prosecutors in the 2010 case, Assistant U.S. Attorney Jason Halperin, said in court that confidential informants such as Hussain are an “important tool” for the FBI. “Mr. Hussain is Pakistani. He speaks Urdu. He speaks Pashto. He's Muslim. He can read Arabic,” Halperin said. “All of these things make Mr. Hussain a very valuable asset for the FBI.”

The birth of an asset

In testimony for the 2010 terrorism case, for which Hussain appeared as a witness for the prosecution, he described himself as a member of a politically connected family in Pakistan who fled to the United States with his wife and children after he was falsely accused of murder during a government crackdown against the secular MQM party. He arrived on a fake British passport in 1994, Hussain testified.

In the years since, his relatives in Pakistan have transferred hundreds of

thousands of dollars to him, allowing him and his family to acquire gas stations, a beverage center and a motel in Upstate New York, according to financial records produced in court. He also testified that former Pakistan prime minister Benazir Bhutto, during a trip to New York, gave his son \$40,000 to buy a new car, but the judge, McMahon, questioned the veracity of the claim.

It was not the only time McMahon expressed doubts about Hussain's honesty.

“By the end of the trial, the jury knew that Hussain had lied about his finances to at least two courts (the Northern District of New York and the Northern District Bankruptcy Court), lied to the Immigration and Naturalization Service, lied to the Town of Colonie and its school district about his residence, lied to potential customers of his motel, and lied to the IRS about his income at tax time,” wrote McMahon.

In late 2001, Hussain was arrested on federal fraud charges of helping immigrants illegally secure driver's licenses. Hussain, who had been working as a translator for the Department of Motor Vehicles, faced a possible prison term and deportation to Pakistan. He pleaded guilty and, as part of his agreement with the government, cooperated with the FBI by going undercover to secure evidence against several former associates in the scheme, including his mistress.

Hussain excelled in this new role — a fact grudgingly accepted even by his detractors.

“Both his physical and emotional presence seemed impervious to chastisement, to exposure, to anything — nothing seemed to throw his casual defiance off course,” said Karen Greenberg, the director of Fordham's Center on National Security, who has observed Hussain in court.

The bureau also has sent Hussain to London and Pakistan, where he infiltrated a terrorist training camp, according to court testimony.

In the summer of 2003, Hussain first adopted the persona of the suave, moneyed terrorist at the direction of the FBI. The object of the sting was Yassin Aref, an Iraqi Kurd and the spiritual leader of an Albany mosque.

Aref was convicted of participating in a plot to launder funds from the sale of a shoulder-fired missile. Aref's attorneys said he simply saw what he thought was a



FBI investigating sports agent

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

Submitted at 3:10 PM April 16, 2012

Journal Sentinel on April 15, 2012 released the following:

“By Cary Spivak

Stacy Jenson, a sports marketing agent whose career has been dogged by criminal convictions and controversy, is under investigation again – this time by the FBI, according to four people familiar with the investigation.

The probe of Jenson, who built a successful career representing several well-known Green Bay Packers players, involves allegations that she improperly used a credit card belonging to IEWC Global Solutions after she stopped working for the New Berlin distributor of wire and cable products. The card was used to purchase a variety of items, including tickets for sporting events, sources said. Authorities also are looking into allegations involving other financial questions, the sources said. They added that a “substantial” amount of money was at issue, though they declined to elaborate.

In response to questions about the investigation, Jeff Siemers, IEWC’s chief financial officer, issued a statement saying:

“As part of the company’s annual audit procedure, IEWC uncovered evidence that a former employee may have been involved in a scheme to misappropriate company funds. Following a thorough internal investigation . . . IEWC notified law enforcement authorities.”

Word of the investigation comes as Jenson’s company, Elite Sports and Public Relations, lost employees and shut down its website. Jenson did not respond to requests for comment. Nobody answered the door at repeated visits to her home office in Wauwatosa last week.

Denis Regan, Jenson’s attorney for business matters, did not respond to calls for comment. Thomas Brown, her defense attorney, declined to comment.

Jenson’s success and her background, which included serving time in Taycheedah Correctional Institution after being convicted of about a dozen felonies and misdemeanors, was profiled in a Journal Sentinel story last month. Even before she was off probation in 2007, Jenson was building a name for herself in the world of sports promotions by landing some big-name clients such as onetime Packers receiver Javon Walker. Other current and former Packers who she has said were clients of her company include Nick Collins, Greg Jennings, Ryan Grant and Nick Barnett.

Jennings and Collins have dropped her. It is not known which Packers, if any, are

currently represented by Elite, which promotes and markets athletes but does not negotiate their contracts.

In addition to running Elite Sports, Jenson worked for IEWC for about four years before leaving the company last year. As an events coordinator for the company, she set up a variety of functions, including helping organize an annual food drive featuring several Packers to benefit the New Berlin food pantry.

James Madlom, a spokesman for IEWC, declined to say whether the company knew about her criminal record – which includes convictions for felony theft and passing bad checks – when it hired her. He also declined to discuss why she left the company last year or whether she is the ex-employee referred to in Siemers’ statement.

Leonard Peace, an FBI spokesman, said the bureau “cannot comment at this time.”

After getting paroled in 1996, Jenson worked for Badger Mutual Insurance, a position that helped her strike up friendships with professional athletes who would make personal appearances at charitable events she helped organize.

In 2004 she helped launch Creative/Sports & Event Marketing, a venture that ended in bankruptcies, litigation and investigations less than a year after it was created. Lawsuits filed by the Packers and the Milwaukee Brewers claimed that money paid by sponsors in deals arranged by Jenson was not forwarded to the teams. The Packers sought about \$450,000 in damages and the Brewers said the organization was out \$108,000.

Michael Tighe, president and majority owner of Creative/Suit & Tighe – the company that owned Jenson’s firm – blamed the litigation and Jenson for the collapse of the parent company. Jenson, in an interview in March, countered that the whole enterprise failed because of debt incurred by the parent company.

After Creative/Sports failed, Brookfield police briefly looked into allegations that she had misused company credit cards. That matter was dropped when Tighe said he did not want to pursue the matter, according to a police report.

Jenson was also investigated at the time for business fraud and for writing a bad check. The fraud complaint was dropped when authorities found no wrongdoing. The probe into the bad check was dropped when she covered the check.

This year Jenson was caught up in controversy again when a Waukesha woman paid \$12,000 for a trip on the Packers’ team plane to a road game. The trip was auctioned off last summer at an event overseen by Jenson on behalf of the

Greg Jennings Foundation. But the woman, Michelle Maciosek, said Jenson never arranged the trip and failed to return her money.

Jennings publicly apologized for using “poor judgment in choosing Stacy Jenson and Elite Sports to facilitate” the charity event. The foundation offered to refund the money to Maciosek but she refused to accept money from the nonprofit group.

The controversies involving Jenson have raised questions about the future of a new scholarship fund created in honor of Ryan Luxem, an 11-year-old Union Grove boy who died of leukemia in 2010. Before the boy’s death, Grant, a Packers running back, visited and became friends with him.

After Luxem died, Grant started a scholarship fund in the boy’s honor. Jenson and Elite helped administer the fund, which held a fundraiser at Cool Waters Family Aquatic Park in Greenfield.

Plans to have a second event at Cool Waters this year were recently canceled because of the problems at Elite, said Mark Winters, an organizer of the scholarship fund. Winters said he met with two former Elite employees who told him that they and other workers recently quit the firm and that several Packers players have dropped the company as their marketing agent.

The workers quit after they saw the Journal Sentinel story detailing Jenson’s history, Winters said.

“I did quit Elite,” said Deb Schmitz, who co-founded Elite with Jenson in 2007. “There were things in that article that I was not aware of and that I morally cannot accept.”

A second ex-employee confirmed that she quit Elite, although she asked that her name not be used since she does not “want to be associated or affiliated” with Jenson or Elite. The woman confirmed Winters’ description of why she and others quit. “It’s unfortunate because we were ready to move ahead” with the Luxem event this year, the ex-employee said.

The scholarship fund, which has nearly \$13,000, will award three \$2,500 scholarships in May to students at Wilmot High School, where Luxem’s mother is a teacher.

Winters said he hopes the scholarship can continue in future years.”

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loan between Hussain and the owner of a struggling pizza parlor who was also convicted. Aref and the owner of the pizza parlor were sentenced to 15 years in prison.

The informant at work

On another assignment for the FBI, Hussain went to Newburgh's Masjid al-Ikhlas mosque 12 times before he met James Cromitie, a convert to Islam and a stocker at a Wal-Mart, in June 2008.

In a poor community, Hussain struck an odd figure, driving Hummers and BMWs and wearing designer clothes.

Salahuddin Muhammad, imam of the mosque, said in an interview that some people suspected that Hussain was an FBI informant. He was too eager to engage people in conversation about jihad, Muhammad said.

Cromitie, who attended the mosque infrequently, either didn't hear of the suspicions of others or didn't care.

Hussain later told the FBI that Cromitie said: "Look, brother, I might have done a lot of sin, but to die like a shaded (martyr), I will go to paradise ... I want to do something to America."

By July, Hussain had told Cromitie he was part of a Pakistani terrorist group. Cromitie, who had multiple drug convictions but no history of violence, said he wanted to join, according to the FBI's debriefing of the informant.

During a November 2008 trip to Philadelphia with Hussain, which coincided with the terrorist attacks on several locations in Mumbai, India, Cromitie made some of his most incendiary statements.

Cromitie hadn't heard of the attacks, but Hussain pointed out that one of the targets in Mumbai was a Jewish center, according to transcripts of conversations that were secretly recorded and later played in court. "I'd like to get a synagogue," Cromitie said.

The judge later noted in a finding of fact that "whenever Hussain asked Cromitie to act on those sentiments — make a plan, pick a target, find recruits, introduce the [confidential informant] to like-minded brothers, procure guns and conduct surveillance — Cromitie did none of the above."

McMahon said that at this point Hussain

began to add "more worldly inducements" to the "offer of paradise" beginning with a BMW "but only after Cromitie had completed a mission."

Closing the net

Hussain left for Pakistan on Dec. 18, 2008, and didn't return to the United States for two months. While he was away, the FBI briefed officials at Stewart International Airport in New York on the investigation but assured them that "Cromitie was unlikely to commit an act without the support of the FBI source."

Indeed, Cromitie said, "I just dropped everything," according to the transcript of the conversation. But when Hussain returned, Cromitie's enthusiasm was rekindled.

McMahon later wrote that "the court believes and specifically finds that it was about this time when Hussain offered Cromitie as much as a quarter million dollars to participate in a mission."

Such an offer was not authorized by the FBI, the prosecutor told the court. Hussain denied making it, saying the reference to a specific amount of money was not intended to be literal. McMahon, in her sentencing, said she did not believe him.

After a surveillance drive around Stewart Air National Guard Base on Feb. 24, 2009, Cromitie cut off communication with Hussain for six weeks, he later testified. Cromitie pretended to have left town, although he was still in Newburgh.

On April 5, Cromitie called Hussain. "I have to try to make some money, brother," Cromitie said.

"I told you. I can make you \$250,000, but you don't want it, brother. What can I tell you," Hussain said.

Cromitie soon was back in.

On May 20, 2009, Hussain, Cromitie and three associates drove south from Newburgh carrying three duffel bags, each stuffed with nearly 40 pounds of explosives and 500 steel ball bearings to maximize casualties at a synagogue and a Jewish community center in the Bronx. After bombing them, the men planned to double back north to Stewart Air National Guard base near Newburgh to launch a stinger missile at parked military planes.

But the FBI had provided the bombs and the missile and had rendered them harmless.

All four Newburgh men were later convicted on terrorism charges in a jury trial and sentenced to 25 years in prison. They have appealed.

On the final drive to the Bronx, Hussain tried to get Cromitie to prime the bombs by following his instructions on which wires to connect, Hussain testified. But Cromitie and the others couldn't figure it out, and Hussain had to stop the car and do it himself.

When they got to the Bronx, Hussain had to explain how to operate a car key fob so Cromitie could open the first of the pre-parked cars and plant the bomb.

Afterward, Hussain asked him if he had turned the bomb on. "I forgot," Cromitie replied.

Hussain told him not to worry, it could still be detonated.

Cromitie then set off to plant the other two bombs, but he couldn't open the trunk of the next car. Hussain told Cromitie by walkie-talkie to just put them in the back seat.

Hussain then signaled for the FBI to move in."

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U.S. and Tennessee Announce Clean Water Act Agreement with the City of Memphis

(USDOJ: Justice News)

Submitted at 3:41 PM April 16, 2012

The Department of Justice, the U.S. Environmental Protection Agency (EPA), the Tennessee Department of

Environment and Conservation and the Office of the Tennessee Attorney General announced today a comprehensive Clean Water Act settlement with the city of Memphis, Tenn.

Barry Bonds and Jose Canseco Among Potential Government Witnesses in Roger Clemens Federal Criminal Trial

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

Submitted at 2:56 PM April 16, 2012

Associated Press on April 16, 2012 released the following:

“Bonds among potential witnesses in Clemens trial

By FREDERIC J. FROMMER

WASHINGTON (AP) — Prosecutors said they might call former baseball players Barry Bonds and Jose Canseco, current baseball commissioner Bud Selig and New York Yankees general manager Brian Cashman as witnesses in the Roger Clemens perjury case. The defense said it might call former Clemens teammates Paul O’Neill, Jorge Posada and Mike Stanton, and baseball writer Peter Gammons.

Those were among the more than 100 potential witnesses read Monday on the first day of jury selection in Clemens’ new trial, with a larger prosecution team taking on the famed pitcher following last year’s embarrassing mistrial. The government will again try to prove Clemens lied to Congress when he said he never used performance-enhancing drugs.

The legendary former pitcher, who famously reveled in staring down hitters, will face a prosecution lineup of five lawyers – more than double the two from the first trial.

Last July, U.S. District Judge Reggie Walton declared a mistrial on only the second day of testimony, after prosecutors showed jurors evidence that had been ruled inadmissible. Walton also will preside over the new trial, which is expected to last four weeks to six weeks.

The Clemens team won’t be outgunned. It has six lawyers working on the case, led by Houston lawyer Rusty Hardin, whose Rusty Hardin & Associates has represented sports stars such as quarterback Warren Moon, baseball star Wade Boggs and NBA great Scottie Pippen, each a Hall of Famer.

Both Hardin and the U.S. attorney’s office for the District of Columbia, which is prosecuting the case, declined to comment for this story, citing Walton’s gag order.

Michael McCann, a law professor and director of the sports law institute at

Vermont Law School, said it was unusual to have so many prosecutors “for a perjury case that isn’t terribly complicated.”

Prosecutors know that some potential jurors might object to spending too much money on the case because Walton advised them last year that some of the original jurors thought it would be a waste of money to retry Clemens.

McCann said the department has extra motivation to convict Clemens, given the amount of money spent on the case and the underwhelming outcome of its more-than-seven-year investigation of Barry Bonds over steroids.

Bonds, baseball’s career home run leader, was found guilty last year on just one count, obstruction of justice, for giving an evasive answer to a grand jury when asked about drug use. He received a sentence of 30 days confinement at his estate in Beverly Hills. Prosecutors dropped three other counts charging Bonds with making false statements after the jury deadlocked on those charges. Bonds has appealed his conviction.

“For the government to lose this case after obtaining a very mild victory against Bonds,” McCann said, “would invite a lot of questions about the appropriateness of these prosecutions.”

In addition, the Justice Department recently closed, without bringing any charges, an expensive two-year, multi-continent investigation of possible drug use by Lance Armstrong, the cyclist who beat cancer and won the Tour de France seven straight times.

The essence of the Clemens case remains the same: The seven-time Cy Young Award winner is charged with perjury, false statements and obstruction of Congress for telling a House committee under oath, in both a public hearing and in a deposition with committee staff, that he hadn’t used steroids or human growth hormone during his 24-season career.

The key witness for the government will be Clemens’ former strength trainer, Brian McNamee, who says he injected Clemens with steroids and human growth hormone, and even kept the used needles that will be entered as scientific evidence at trial.

Clemens’ lawyers will seek to discredit McNamee, who provided drugs to several

professional baseball players and has acknowledged he hasn’t always told the truth about Clemens’ drug use and other matters. McNamee initially denied giving Clemens drugs, before admitting to federal agents he injected the pitcher. The defense team has said that the trainer fabricated the evidence.

Harder to discredit will be another prosecution witness, Andy Pettitte, a former Clemens teammate who recently came out of retirement to mount a comeback attempt with the New York Yankees. Pettitte says that Clemens, in a private conversation in 1999 or 2000, acknowledged using HGH. Clemens has said Pettitte “misremembers” their conversation.

If convicted on all six charges, Clemens faces a maximum sentence of up to 30 years in prison and a \$1.5 million fine. Maximum penalties are unlikely because Clemens doesn’t have a criminal record, but Walton made plain at the first trial that Clemens was at risk of going to jail.

Under U.S. sentencing guidelines, Clemens probably would face up to 15 months to 21 months in prison.”

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Criminal probe sought in GSA case

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

Submitted at 10:50 AM April 16, 2012

The Washington Post on April 13, 2012 released the following:

“By Lisa Rein

The inspector general for the General Services Administration this week asked the Justice Department to conduct a criminal investigation into the activities of the senior official at the center of the Las Vegas spending scandal, officials said.

Jeffrey E. Neely, a career senior executive who hosted a four-day training conference for 300 managers and staff members that cost \$823,000, took various electronic items for his personal use from a GSA storeroom, congressional and other officials familiar with the referral said.

Inspector General Brian D. Miller also has asked prosecutors to review possible contracting improprieties and other violations in connection with the conference, said the officials, who spoke on the condition of anonymity because the referral is not public.

Neely allegedly took gifts purchased for an employee rewards program in the San Francisco-based Pacific Rim region, where he has been placed on administrative leave from his role as acting regional commissioner. The gifts included an iPod and speakers, a Global Positioning System, camera and Sony eReader, according to government sources.

Miller has turned over to prosecutors what he says is evidence that Neely, 57, and his staff approved numerous contracts that were not competitively bid, as federal rules require, officials said. The sole-source deals were services that included, according to a recent inspector general’s report, \$59,000 to an audio-visual firm, a \$12,500 commission to an outside event planner and \$75,000 to a company that led GSA staff members in a bike-building event.

The inspector general’s staff met with Justice Department officials several times this week to discuss the evidence,

FBI

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according to government sources.

Department of Justice spokeswoman Laura Sweeney declined to comment on the referral. The inspector general’s office could not be reached.

Neely’s attorney, Preston Burton, called him “a good man who has been a dedicated government employee for over three decades.”

In the 11 days since Miller documented how a tradition in GSA’s Public Buildings Service, the so-called the Western Regions conference, apparently spun out of control with little oversight from Washington, the scandal has become an election-year lightning rod on the issue of government spending.

The criminal referral comes as documents the inspector general provided to Congress show that GSA officials knew about the conference spending at the four-star M Resort and Casino months before the final details became public. Former administrator Martha Johnson and her staff members received a briefing from Miller’s staff in May that laid out most of what appeared in the final report, according to a 15-page presentation titled an “Interim Alert Report.” The Washington Post has obtained a copy of the report.

Former Public Buildings Service commissioner Robert Peck gave Neely a reprimand last summer, calling the mistakes a “managerial lapse.”

A deputy administrator at GSA later questioned the level of discipline, writing in an e-mail to Peck: “Sorry, but your letter is not even a slap on the wrist.”

One of the concerns raised by deputy administrator Susan Brita in her e-mail was how the situation would look in the media.

Peck and a top adviser to Johnson were fired hours before the inspector general’s report was released; Johnson resigned.

Peck, Brita and Johnson are among those called to testify before Congress next week, when four back-to-back hearings have been scheduled by lawmakers in both parties.

Daily.

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The author of this blog is Douglas C.

Neely, one of four regional commissioners placed on administrative leave, has been subpoenaed by at least one congressional committee and plans to invoke his Fifth Amendment right not to incriminate himself, his lawyer told Rep. Darrell Issa (R-Calif.), chairman of the Committee on Oversight and Government Reform, in a letter Friday.

“Witnesses were invited with the expectation that they will deliver testimony at Monday’s hearing,” said Frederick Hill, communications director for the committee, which has scheduled a hearing Monday.

The employee recognition, or “Hats Off,” program was the subject of a separate investigation last year by Miller’s office, which found rampant abuse of the program. Investigators found an inadequate inventory system, poor security, theft and misuse of government purchasing cards used to buy the gifts. The awards also exceeded GSA’s \$99-per-item limit on gifts.”

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Feds: Irvine real estate broker deserves five years in prison

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

Submitted at 1:21 PM April 16, 2012

The Orange County Register on April 13, 2012 released the following:

“By BRIAN MARTINEZ

Federal prosecutors are recommending a sentence of no more than five years and three months for David R. Sparks, the Irvine real estate broker who swindled \$4.3 million from 34 victims in a Ponzi scheme.

Sparks is a former planning commissioner for Irvine who resigned the post just after the FBI began investigating his business dealings. He took money from family members, close friends and acquaintances, prosecutors said.

U.S. attorneys filed their formal recommendation petition, the result of a plea agreement, on Thursday.

“The government notes that prior to being charged, defendant took full responsibility for his fraud and pleaded guilty,” the document states. “By doing so, defendant saved the government considerable resources which were, in turn, used to pursue other investigations.”

Sparks’ sentencing hearing is May 7 at the federal courthouse in Santa Ana.

Judge Cormac J. Carney, who is handling the case, is not bound by the five-year recommendation. Sparks faces a maximum prison term of 20 years.

He pleaded guilty in July to one count of felony interstate wire fraud. The plea deal calls for Sparks to repay the \$4.3 million he took from his victims.

That figure does not include any taxes the victims paid on the false profits, the costs incurred in the ordeal or interest payments and late fees promised in the investment agreements. Victims may seek reimbursement for that money via civil lawsuits.

He was first scheduled to be sentenced in December, but that was postponed at the request of his legal team when he

encountered some health issues.

Prosecutors supported the postponement so as to not burden the prison health care system with expensive medical procedures for Sparks that could have included heart surgery, court records show.

The real estate license for his company, Sparks Realty & Investment Inc., has yet to be revoked, according to a state-run online database.

Details from the criminal case documents, two uncontested civil lawsuits and victim statements to The Orange County Register paint a picture of Sparks as a charming man who claimed to be buying, rehabbing and selling foreclosed or pre-foreclosure homes that he never actually purchased.

He forged bank documents, used non-existent escrow companies, provided bogus status updates and falsely reported significant profits, the lawsuits claimed. If the investors did not want to reinvest their money with him, Sparks made up excuses for why he could not give it back.

The defendant started speculative real estate investing in the late 1980s, according to the plea agreement. In 2005, he believed that real property in Utah’s Cedar City was likely to see a dramatic increase in value, so he used his own funds and investor cash to buy 35 properties for approximately \$7 million in Utah and California, the document says.

By 2007, the rents Sparks was collecting from the properties were no longer sufficient to cover the debt service. Sparks began soliciting cash from investors to cover the debts – deliberately lying to them by telling them the funds would be used to buy new properties.

To back up his lies to investors, Sparks created false paperwork.

Sparks took in about \$4.8 million under the false pretenses. He spent about \$500,000 on “lulling payments” to the investors and about \$4.3 million on his debt, the plea agreement states.

Some assets are to be transferred to the United States government to liquidate. If his current assets and cash can’t cover the restitution, he will presumably have to pay the rest of it back from his earnings once he gets out of prison, if he goes to prison.

Two lawsuits were already filed in January – one by a 22-year friend of Sparks from Santa Ana and one by a married couple from Wisconsin. Sparks never responded to the courts, which handed the plaintiffs default judgments.

The FBI’s investigation did not find any evidence that Sparks is in possession of a large sum of money. But some victims still believe he has money stashed away somewhere.

The FBI began investigating Sparks in January of 2011. Sparks resigned from the Irvine Planning Commission in February of the same year.”

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INTERNATIONAL CRIMINAL QUESTIONS, BUT WANT TO BE ANONYMOUS?

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

Submitted at 1:48 PM April 16, 2012

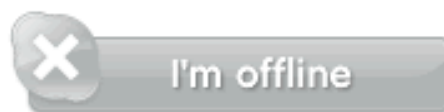
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Secret Service Agents Relieved Of Duty Following Colombia Misconduct Allegations

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

Submitted at 11:47 AM April 16, 2012

Huffington Post on April 13, 2012 released the following:

“By JULIE PACE

CARTAGENA, Colombia — A dozen Secret Service agents sent to Colombia to provide security for President Barack Obama at an international summit have been relieved of duty because of allegations of misconduct.

A caller who said he had knowledge of the situation told The Associated Press the misconduct involved prostitutes in Cartagena, site of the Summit of the Americas. A Secret Service spokesman did not dispute that.

A U.S. official, who was not authorized to speak publicly on the matter and requested anonymity, put the number of agents at 12. The agency was not releasing the number of personnel involved.

The Washington Post reported that Jon Adler, president of the Federal Law Enforcement Officers Association, said the accusations related to at least one agent having involvement with prostitutes in Cartagena. The association represents federal law enforcement officers, including the Secret Service.

Ronald Kessler, a former Post reporter and the author of a book about the Secret Service, told the Post that he had learned that 12 agents were involved, several of them married.

The incident threatened to overshadow Obama's economic and trade agenda at the summit and embarrass the U.S. The White House had no comment.

Secret Service spokesman Ed Donovan would not confirm that prostitution was involved, saying only that there had been “allegations of misconduct” made against Secret Service personnel in the Colombian port city hosting Obama and more than 30 world leaders.

Donovan said the allegations of misconduct were related to activity before the president's arrival Friday night.

Obama was attending a leaders' dinner Friday night at Cartagena's historic Spanish fortress. He was due to attend summit meetings with regional leaders Saturday and Sunday.

Those involved had been sent back to their permanent place of duty and were being replaced by other agency personnel, Donovan said. The matter was turned over to the agency's Office of Professional Responsibility, which handles the agency's internal affairs.

“These personnel changes will not affect the comprehensive security plan that has been prepared in advance of the president's trip,” Donovan said.”

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Enron's Skilling Rejected by Top U.S. Court on Conviction

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

Submitted at 12:37 PM April 16, 2012

Bloomberg on April 16, 2012 released the following:

“By Greg Stohr

The U.S. Supreme Court left intact Jeffrey Skilling's conviction for leading the Enron Corp. accounting fraud, refusing to grant a second hearing to the imprisoned former chief executive officer.

Today's rebuff leaves Skilling with nothing to show for his victory at the Supreme Court in 2010, when the justices said prosecutors used an improper legal theory to convict him. A federal appeals court then reaffirmed his 19-count conviction, saying the verdict would have been the same regardless.

Skilling is serving a 24-year sentence in a federal prison in Colorado after he and former Enron Chairman Kenneth Lay were found guilty of deceiving investors about the company's true financial condition. Lay died in 2006.

The accounting fraud caused Enron, once the world's largest energy trading

company, to file for bankruptcy in 2001, wiping out more than 5,000 jobs and \$60 billion in shareholder value.

The 2010 Supreme Court ruling said Skilling couldn't be convicted under a federal statute outlawing fraudulent schemes to withhold “honest services.” The high court said that law could be used only in cases involving bribery or kickbacks, which weren't at issue in the Enron case.

The honest-services law had come into play on Skilling's conviction on one charge of conspiracy. The jury didn't spell out whether he had conspired to commit honest-services fraud or to commit securities fraud.

In its ruling last year, the New Orleans-based appeals court said there was “overwhelming evidence that Skilling conspired to commit securities fraud.”

Skilling's sentence might be adjusted because the appeals court concluded in an earlier opinion that the trial judge overseeing the case erred on one issue.

The case is *Skilling v. United States*, 11-674.”

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Federal Prosecutors Say James “Whitey” Bulger’s Alleged Victims Should Address a Federal District Court Judge in Catherine Greig’s Federal Case

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

Submitted at 1:44 PM April 16, 2012

Boston.com on April 13, 2012 released the following:

“Prosecutors say Bulger victims should address court in Greig’s case

By Milton J. Valencia, Globe Staff

Federal prosecutors say that the families of James “Whitey” Bulger’s alleged victims should be able to address a federal court judge and describe the pains they suffered at the hands of his girlfriend, Catherine Greig, when she is sentenced in June.

Victims of crimes are allowed to provide impact statements in court proceedings, and prosecutors say that Bulger’s alleged victims are Greig’s victims, as well.

“She knew that law enforcement was actively searching for Bulger so that he could be brought to Boston to face charges,” prosecutors said in court filings. “At a minimum, she should have known that her conduct would cause distress to those families.”

Greig, 61, pleaded guilty in March to helping Bulger remain a fugitive, and for

identity theft. She helped him go to a doctor’s office and obtain prescriptions, using fake identification, for instance.

She was with him for most of his 16 years on the lam, and they were arrested together on June 22 last year in Santa Monica, Calif., in the same apartment they had been living in since at least 1998.

Greig is slated to be sentenced June 12, and faces up to five years in prison and a \$250,000 fine on each of three counts: conspiracy to harbor a fugitive, conspiracy to commit identity theft, and identity theft.

Bulger is slated to go to trial in November.

US District Court Judge Douglas P. Woodlock had asked prosecutors whether Bulger’s victims would be eligible to address the court in Greig’s case, and prosecutors respond that they are, that they suffered “emotional distress.”

“The defendant helped Bulger avoid capture,” prosecutors said. “By doing so, she took an active part in denying the families of the alleged murder victims an opportunity to have Bulger brought to court to face justice. The emotional harm to those families was real and significant.

“For sixteen years, those families faced the prospect that Bulger would never be found and that the alleged murderer of their loved ones would escape justice.””

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