



Department of Justice

U.S. Attorney's Office
Southern District of Texas

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FLAGSHIP HOTEL OWNER SENTENCED FOR FILING FALSE CLAIM WITH FEMA HOTEL PROGRAM

(HOUSTON, Texas) — Daniel Yeh, 55, of Sugar Land, the principal owner of Flagship Hotel Ltd., which operates the Flagship Hotel in Galveston, has been sentenced to 30 months in prison for filing a false claim with FEMA's Short Term Lodging Program in the aftermath of Hurricanes Katrina and Rita, United States Attorney Don DeGabrielle announced today. To date, 86 individuals have been charged in the Southern District of Texas with fraud relating to Hurricanes Katrina and Rita, and Yeh is the 34th person to be sentenced to prison for FEMA fraud convictions.

"As our communities recover from the aftermath of Hurricane Ike, a number of federal programs have been established to provide necessary assistance to those most in need," DeGabrielle said. "As a member of the Hurricane Katrina and Rita Task Force, I am obligated to remind everyone that there is a zero tolerance for those who seek to take advantage of the situation and engage in fraud including federal fraud."

At the hearing this afternoon, United States District Judge Melinda Harmon imposed the sentence and also ordered Yeh to pay a \$30,000 fine. Judge Harmon denied a defense motion seeking a lower sentence because of a claim of diminished mental capacity, stating that the medical testimony claiming Yeh's brain tumor caused him to commit the crime was "not sound science" and comparable to "Lewis Carroll's Alice in Wonderland." In imposing the sentence, Judge Harmon also noted that "given the public nature and widespread availability of disaster-assistance relief programs, deterrence is a particularly important sentencing consideration" and that Yeh's fraud involved more money, sophistication and planning than any of the other more than eighty cases of FEMA fraud charged in the district thus far. Yeh paid \$232,000 in restitution to the

United States after federal search warrants were executed at his hotel and home in December 2005.

Yeh pleaded guilty Sept. 28, 2007, to filing a false claim during October 2005 with FEMA's Short Term Lodging Program. FEMA created that program to provide free hotel rooms to Hurricane Katrina and Rita evacuees. At that hearing, Yeh admitted he took over FEMA billing matters from one employee and directed another to fax the hotel's daily report listing which guests were checked into which rooms, to his home each evening. Yeh submitted the reimbursement claims through the internet from home using his laptop computer. In early October 2005, Yeh provided a desk clerk with approximately 30 names to enter into the hotel reservation system at the FEMA rate of \$84.99/night. Yeh picked up the room cards created for these individuals' rooms at the hotel and began billing FEMA for rooms in the names of these individuals even though they had not checked into the hotel. The investigation revealed that a number of these individuals were relatives and friends of Yeh's who were not hurricane evacuees and that Yeh also billed FEMA for rooms in the names of hotel employees. The investigation into the Flagship for fraudulent billing began when federal agents received a tip stating that the hotel records showed full occupancy when, in fact, a significant number of rooms were unoccupied.

Yeh, who has been free on bond, has been permitted by the court to remain on bond pending the issuance of an order to surrender for service of his sentence at a Bureau of Prisons facility to be determined in the near future.

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This case was investigated by Department of Homeland Security Office of Inspector General with assistance from the United States Secret Service. The case was prosecuted by Assistant United States Attorneys Gregg Costa and Jason Varnado.

The United States Attorney's Office for the Southern District of Texas is a member of the Department of Justice's Hurricane Katrina Fraud Task Force, created to deter, detect and prosecute unscrupulous individuals who try to take advantage of the Hurricane Katrina and Hurricane Rita disasters. The Task Force is comprised of federal, state and local law enforcement investigating agencies and the United States Attorney's Offices in the Gulf Coast region and nationwide.

Anyone suspecting criminal activity involving disaster assistance programs can make an anonymous report by calling the toll-free Hurricane Relief Fraud Hotline, 1-866-720-5721 or 1-800-CALL-FBI, 24 hours a day, seven days a week until further notice. Information can also be emailed to the inspector general at dhsorghotline@dhs.gov or sent by surface mail, with as many details as possible, to:

Department of Homeland Security

Washington, DC. 20528
Attn: Office of Inspector General, Hotline

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