



U.S. ATTORNEY'S QUARTERLY

FORMER COMPANY EXECUTIVES SENTENCED TO PRISON IN UNLAWFUL CLINICAL TRIALS CASE

Four former executives of Synthes, Inc. were sentenced to prison terms in November and December for their roles in illegal clinical trials of medical devices that the company carried out without the approval of the Food and Drug Administration. Thomas Higgins and Michael Huggins were each sentenced to nine months in prison; Richard Bohner was sentenced to eight months in prison; John Walsh was sentenced to five months in prison. Each defendant pleaded guilty to one misdemeanor

count of shipping adulterated and misbranded medical devices in interstate commerce. The executives - who are among a rare few to be sentenced to prison for crimes committed by their company on their watch - approved rogue clinical trials using the bone void fillers Norian XR and Norian SRS to treat vertebral compression fractures of the spine in elderly patients. Despite known and serious safety concerns and a warning

on the label of XR that the product was not intended for that use, Synthes did not stop the illegal testing until after a third patient had died on the operating table during one of these surgeries. Three of the executives also lied to the FDA during an investigation. The sentences imposed by the Honorable Legrome D. Davis are believed to be the longest for misdemeanor violations of the Food, Drug and Cosmetic Act.

Inside this issue:

Crimebusters	2
U.S. Attorney's Outreach	3
Crime & Punishment	4

A Message From the U.S. Attorney for the Eastern District of Pennsylvania

When people hear the term "criminal justice," thoughts of police arrests, prosecutors, defense attorneys, jury trials and prison often come to mind. As law enforcement agencies continue to do more with less in these difficult economic times, it has become increasingly clear that we need to focus on programs that help prevent crime and that will help past-offenders reintegrate into our communities as productive citizens. While incarceration serves an important societal goal of keeping dangerous offenders off the streets, the reality is that most offenders eventually return to the community. Without a comprehensive plan which addresses crime prevention and reentry issues, the cyclical nature of crime by repeat offenders will continue. In November 2010, the Department of Justice launched a three-party strategy to combat violent crime within our communities. By focusing on community crime prevention programs and inmate re-entry programs, in addition to investigating and prosecuting crime, my office recognizes that addressing the violence problem in this district will take a community effort. We cannot arrest our way out of problems which are often rooted in young men and women experiencing broken homes, bullying and domestic violence, lack of educational and limited job opportuni-

ties. The issues leading to violent crime are complex. A sustained year-round commitment to crime prevention and re-entry is required to reduce crime. If you have read past issues of this newsletter, you may be aware of some of our efforts. In March of 2011, for the first time, we asked Philadelphia school students to lend their voices and their views on violence to our efforts. The results exceeded our expectations. The students created a video that conveyed their "real world" experiences with violence. A second video tackled the subjects of decision-making and staying in school. Both videos -- which can be viewed on our website -- have provided us with a platform to discuss issues of violence within the larger city school and neighborhood communities. Additionally, the students met with federal judges and observed an actual court proceeding which gave them new insights into the criminal justice implications of violence in our community. Our work with the school-aged members of our district continues into 2012 and includes office and classroom visits where Assistant U.S. Attorneys discuss issues, such as bullying and violence, the impact of violence on the students' lives, and how they can be part of the solution to

our crime problem. Our goal is to reach this younger population before they start down a path toward crime by making poor decisions.

With regard to poor decisions that have led to incarceration, our prisoner reentry efforts focus on helping those who went down the wrong path and are attempting to get back on track as productive members of society. Our reentry court program continues to enjoy great success. Only 8% of those who graduate violate the terms of their release as compared to 47% of non-participants.

As we continue to serve the members of our district by prosecuting dangerous offenders, I am proud of the innovative steps we have taken to address and deter crime. I look forward to building on those efforts and highlighting our successes in 2012. -Zane David Memeger



Maximum Sentence For Philanthropist Sex Traveler

On December 1, 2011, U.S. District Court Judge Juan R. Sanchez sentenced attorney Kenneth Schneider, 47, of Philadelphia, to 15 years in prison for travelling to Russia for the purpose of engaging in sex with a minor. Schneider is the president of the Apogee Foundation in New York. It was in that role that Schneider travelled to Moscow where he told two ballet instructors at the Moscow State Academy of Choreography that he was willing to provide "assistance" to students attending the academy. The instructors identified a 12-year old student whose family could no longer afford to pay his board. Schneider convinced the boy's parents to allow him to live with Schneider in an apartment a few blocks from the school. Between August 22, 2000 and November 22, 2001, Schneider engaged in a sexual relationship with the victim, bringing him to Philadelphia for a summer program in 2001, then returning to Moscow with the victim in August 2001 to continue the sexual relationship. Schneider was arrested March 27, 2010 in Larnaca, Cyprus. A federal jury found him guilty on October 1, 2010.

Case of Threats Posted On Facebook Ends In Conviction

Anthony Elonis, 28, of Bethlehem, was convicted by a federal jury, on October 20, 2011, of interstate communication of threats in connection with postings he made to his Facebook page. Among the threats that Elonis posted were threats against his wife, the Pennsylvania State Police, the Berks County Sheriff's Department, and against an unidentified kindergarten class in the Bethlehem area. The jury rejected Elonis' defense that he was writing rap lyrics. Among his postings was "That's it, I've had about enough, I'm checking out and making a name for myself. Enough elementary schools in a ten mile radius to initiate the most heinous school shooting ever imagined. And hell hath no fury like a crazy man in a Kindergarten class. The only question is... which one?" Elonis is facing a maximum possible sentence of 20 years in prison. Sentencing is pending.

Alleged Pill Mill Doctor Charged

Dr. Kermit Gosnell and seven of his staff were charged in a drug conspiracy case that included selling prescriptions for highly addictive drugs to people who had no legitimate medical need for them. According to the indictment, Gosnell was running a pill mill out of the Family and Women's Medical Society between June of 2008 and February 2010. The indictment alleges that customers would come in for an initial visit with Gosnell, meet briefly for a cursory exam or no exam, pay a fee, and would then receive prescriptions for controlled substances—such as OxyContin and Xanax. The customers could then receive refills by simply phoning in an order or going to the office, with no requirement that they be seen by the doctor. Gosnell's staff would allegedly convey the order for the prescription and then sell it to the customer, sometimes receiving a monetary tip. Gosnell faces 23 counts and, if convicted of all charges, faces a mandatory minimum sentence of 20 years in prison up to several decades.

NEW CRIMEBUSTER ARRIVES

U.S. Attorney Zane David Memeger welcomes Special Agent-in-Charge Sheree Mixell to the Eastern District as the new head of the Bureau of Alcohol, Tobacco, Firearms & Explosives. Mixell took over as head of the local ATF office in December.

CRIMEBUSTERS:

An interview with Special Agent-in-Charge Sheree Mixell of the Bureau of Alcohol, Tobacco, Firearms & Explosives:

-What is the mission of ATF?

ATF is a unique law enforcement agency in the United States Department of Justice that protects our communities from violent criminals, criminal organizations, the illegal use and trafficking of firearms, the illegal use and storage of explosives, acts of arson and bombings, protects our communities from acts of terrorism, and prevents the illegal diversion of alcohol and tobacco products.

-What types of crimes or civil remedies does ATF pursue that the general public might not know?

The general public may not be aware of our responsibility for regulating the firearms and explosives industry. ATF issues licenses and conducts inspections of firearms and explosive licensees to ensure that those entities are operating in compliance with all applicable federal regulations and laws. Further, our Industry Operations Investigators are vigilant in their efforts to ensure the safe handling and storage of explosive materials, and in detecting and preventing the diversion of any such materials. The Safe Explosive Act requires the on-site inspection of every Federal Explosive Licensee (FEL) and permit holder - approximately 770 in the Commonwealth of Pennsylvania - to be conducted once every 3 years prior to renewal and/or as often as deemed appropriate for compliance. In cases where willful violations of federal regulations and laws occur, administrative action can be taken, to include a license revocation. In serious instances, a criminal investigation is initiated against the licensee.

-How did you decide to join ATF?

My interest was drawn to ATF because of the agency's unique jurisdictional responsibilities and primary mission of combating violent crime. That focus appealed to me. I felt I could really make a difference working directly and in partnership with other police agencies in battling firearms related violence. As a criminal justice major at Indiana University, my initial interest was in helping juveniles and troubled youth. A guidance counselor encouraged me to follow up with a pamphlet about the United States Secret Service.

CRIMEBUSTERS, cont'd.

I applied and, upon graduation, was hired as a federal officer and later as a special agent with ATF. Women often overlook the vocation of federal law enforcement. It isn't an obvious career option. But, for me, it has opened doors to the vast opportunities within the field.

-What do you like best about your position as Special Agent-in-Charge?

I can provide the people-focused leadership that allows employees to carry out ATF's mission. When management cares about and supports the work, goals are achieved. I want to do everything possible to help those who carry out the agency's mission. I also have a long history of establishing and maintaining outstanding partnerships with other law enforcement agencies and firmly believe that we can accomplish more through utilizing one another's expertise to extend the reach and effectiveness of law enforcement to safeguard our communities.

-What is the most important function of the agency?

We ensure the safety and security of our communities by the comprehensive regulation of the firearms and explosive industries and through the enforcement of the federal firearm and explosives laws. We are committed to protecting our neighborhoods from armed career criminals, violent street gangs, and criminal organizations by investigating and preventing the illegal use and trafficking of firearms, acts of arson, and criminal bombings.

-How does the general public reach the agency if they have a question or they want to report an activity for investigation?

The general public can find information about ATF and its many programs by visiting our website at www.atf.gov. If someone has information regarding criminal activity involving violations of federal firearm and explosive laws they are encouraged to call the ATF Hotline at 1-888-ATF-TIPS or email us at ATFTips@atf.gov.

Outreach This Quarter

The United States Attorney's Office for the Eastern District of Pennsylvania participates in, hosts, and/or facilitates numerous outreach initiatives and events. In the Fall, several members of the office, including U.S. Attorney Zane David Memeger, participated in the "Love Your Park" cleanup event at Vernon Park in Northwest Philadelphia. Several members of our office assisted the City of Philadelphia's Parks and Recreation Department, along with numerous charitable groups, one Saturday in November. The cleanup efforts included trash collection, mulching, tree planting, leaf raking, and beautification.

In October, the Executive Assistant United States Attorney joined Mayor Michael Nutter, Mayor Mitch Landrieu of New Orleans, and other mayors from around the country at a conference to discuss building communities to reduce violent deaths among Black boys and men.

Also in October, the U.S. Attorney's Office and Widener University's Center for Violence Prevention co-hosted a conference for professionals to discuss character building and bullying prevention.

In November, members of the United States Attorney's Outreach Committee attended a meeting of the National Network of Hospital-based Violence Prevention Programs (www.NNHVIP.org) at Children's Hospital of Philadelphia. Dr. Joel Fein with the Center for Injury Research and Prevention was among the medical professionals discussing prevention efforts. Rose Cheney, Executive Director of the Firearm Injury Center at University of Pennsylvania, talked about the impact of violence on youth.

In December, the United States Attorney's Office co-sponsored a conference with Widener University in Chester to discuss issues pertaining to the Lesbian, Gay, Bisexual, Transgender, Queer/Questioning (LGBTQ) Community. The conference focused on the challenges that members of the LGBTQ community face at home, in school and in the public. High school students from Delaware County spoke emotionally about their experiences as members of the community and the challenges with law enforcement, parents, peers, school.



Pictured: U.S. Attorney Zane David Memeger (right), with Executive Assistant U.S. Attorney Robert Reed at the "Love Your Park:" cleanup event in Vernon Park in Northwest Philadelphia.

Hispanic Heritage Celebration

In October, the U.S. Attorney's Office celebrated National Hispanic Heritage Month. The event included media clips, ethnic foods, a discussion on the diversity among the Hispanic population, and guest speaker the Honorable Eduardo C. Robreno, United States District Court Judge. Ray McConnie, a well-known court interpreter, and Deputy Vice-President of Programs Jennifer Rodriguez with the Asociacion Puertorriquenos en Marcha also participated in the event.



CRIME & PUNISHMENT:



CHARGED:

September 2011:

Pastor Michael Wilkerson and his wife Joyce were indicted in an alleged scheme to defraud Chase Manhattan Bank, by fraudulently obtaining home loans valued at more than \$6 million for properties located in Schwenksville and Glenmoore, Montgomery County, PA. Wilkerson allegedly recruited several of his congregants to act as straw purchasers in a number of real estate transactions. Joyce Wilkerson allegedly pretended to be a co-purchaser of each of the homes at the time of settlement. Through co-defendant Denise Haines fraudulent loan applications were submitted to Chase-Manhattan Bank. The defendants allegedly shared in the profits from the fraudulent sales. The loans fell into default resulting in a loss of about \$3 million.

October 2011:

Matthew Kolodesh was charged with conspiracy to defraud Medicare of more than \$14 million through his home hospice business. Kolodesh's business, Home Care Hospice, Inc., allegedly submitted claims for patients that were not eligible for or did not receive the hospice services billed to Medicare. Kolodesh also allegedly diverted millions of dollars from HCH's operating account for his own personal use. Kolodesh faces 35 counts.

November 2011:

George Baginyan was indicted on charges of running a scheme to defraud Medicare of more than \$200,000. Baginyan, the owner of New Era Health Center Inc., allegedly used the National Provider Identification number (NPI) of a physician to fraudulently bill Medicare for medical services and tests when no such tests or services were provided. It is alleged that the defendant caused fraudulent payments by Medicare of \$132,848.81.

Richard Bell, Robert Rogers, Jackiem Wright and Reginald Berry were charged in an alleged scheme to defraud the Philadelphia Sheriff's Office. Bell was a sheriff's office employee who allegedly wrote \$400,000 in fraudulent checks, drawn on bank accounts of the Philadelphia Sheriff's Office, to unauthorized individuals and companies, including Rogers. Rogers cashed some checks and forwarded others to Wright and Berry.

CONVICTED:

October 2011:

Brothers Omelyan and Stepan Botsvynyuk were convicted of conspiracy to violate the Racketeer Influenced and Corrupt Organizations Act (RICO) in connection with a human trafficking scheme. Between 2000 & 2007, the brothers operated a human trafficking organization, smuggling in young Ukrainian immigrants and then forcing them to work for little or no pay. The brothers used force, threats, sexual assault, and debt bondage to keep the victims in involuntary servitude. They are awaiting sentencing.

November 2011:

Mikel D. and Dona Nichols Jones of Boynton Beach, Florida, were convicted in connection with a scheme to defraud a New York venture capital fund which financed the operation of Mikel Jones' Philadelphia law firm. Jones, a personal injury lawyer, was convicted of conspiracy, money laundering, 14 counts of wire fraud, and 14 counts of mail fraud. His wife Dona was convicted of conspiracy, money laundering, and 14 counts of wire fraud. Sentencing was scheduled for February 7, 2012. Jones obtained a multimillion dollar line of credit from a lender in New York, agreeing that he

would only use the proceeds of the line of credit for legitimate expenses related to the operation of his law firm. Jones and his wife then used a shell company they controlled and the name of a media corporation to steal money from the Lender.

Alexander Rivera, a/k/a "Reds", and his wife Ileana Vidal were convicted of all in a drug conspiracy involving Rivera's violent drug gang operation. From February 2006 to September 2010, Rivera's gang controlled and distributed drugs distribution in an area of North Philadelphia. The drug gang sold cocaine, crack, heroin, and PCP. 15 co-defendants pleaded guilty to their roles in the operation. Rivera faces a mandatory term of life in prison; Vidal faces a mandatory term of 10 years in prison.

Attorney Kenneth Reidenbach was convicted of all charges in connection with fraud stemming from three bankruptcy proceedings in which he represented the debtors. Reidenbach concealed client assets from the bankruptcy court and lied about the fee one client was paying him. Reidenbach faces several years in prison along with a possible fine.

SENTENCED:

November 2011:

Miguel Bell was sentenced to 186 months in prison for running an identity theft ring that included bank tellers he would romance in order to obtain bank customers' account information. 10 bank employees, a car dealership employee, an insurance company employee, eight check runners, and several recruiters pleaded guilty in the case. Bell must pay restitution in the amount of \$1.7 million.

Richard P. Kaufman was sentenced to 72 months in prison for a scheme to obstruct the Internal Revenue Service. Kaufman, a licensed dentist, was convicted in August. He had not filed a legitimate tax return since 1991. He attempted to hide his business receipts, submitted fictitious documents to the IRS and tried to claim \$7 million in federal income taxes withheld. In addition to the prison term, U.S. District Court Judge Juan R. Sanchez ordered Kaufman to pay the costs of prosecution (\$13,348.38) and a \$2,000 fine.

December 2011:

Jonathan Butler, of Harrisburg, was sentenced to 171 months in prison for endangering two Philadelphia police officers by shooting at a Philadelphia Police helicopter. The officers were assisting ground units in July 2008 in the pursuit of several individuals operating illegal ATV-style vehicles on the street in North Philadelphia. The group drove into a large gathering of people inside the Norman Blumberg Housing Development and then shots were fired at the helicopter.

Sidenote:

You can find press releases about the cases we charge on our website:

www.justice.gov/usao/pae