



# 2013 REPORT TO THE COMMUNITY

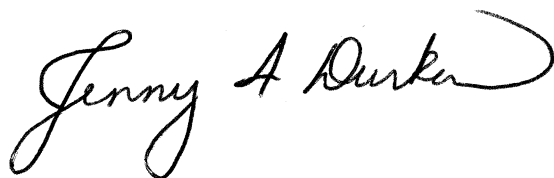
## Western District of Washington

Jenny A. Durkan  
United States Attorney

It seems impossible that we are already into March! With the new year, I want to take a moment and reflect back on the work of the U.S. Attorney's Office – work that I hope improves the lives of all those living in the Western District of Washington. Despite a hostile budget environment, a shut down and high vacancy rates, we were able to accomplish a tremendous amount. We used an innovative approach on a stubborn crime problem in South King County. We can be proud of the progress toward meaningful reform in the Seattle Police Department, our ongoing efforts to get guns out of the hands of criminals, and the significant money recouped for taxpayers and victims of crime through our civil litigation and restitution efforts. Below is a report on some of the important work we have undertaken over the last year. More information on each of these cases is available within the web archive of our news releases.

It is a privilege to serve our region and to lead the dedicated people who work at the U.S. Attorney's Office. I hope this annual report will highlight some of the ways we are making a difference for the residents of Washington.

Sincerely,



## TERRORISM AND NATIONAL SECURITY

National security is the top priority for the Department of Justice and our office. We work closely with our law enforcement partners, particularly the FBI-led Joint Terrorism Task Force. The primary goal is to detect, disrupt and dismantle any domestic or international terrorist operations before harm can occur. We also prosecute those who are responsible for terrorist acts and other threats to our national security.

In March 2013 defendant [Abu Khalid Abdul-Latif was sentenced to 18 years](#) in prison for his plot to attack military and civilian personnel at the Military Entrance Processing Center in South Seattle. The FBI and Seattle Police infiltrated and stopped the plot before it could be executed. Co-Defendant [Walli Mujahidh was sentenced to 17 years in prison.](#)

Cases involving the illegal export of weapons and weapons technology also implicate our national security. This year we prosecuted a conspiracy aimed at exported restricted firearms parts to Thailand. The firearms parts were shipped disguised as toys, tools or other parts. The [defendants have pleaded guilty](#) and will be sentenced later this year.



Weapon seized in Berrelleza-Verduzco case.

We also prosecuted a drug conspiracy that sought to smuggle high powered guns and other firearms to Mexican cartels adding to the drug fueled violence in that country. The leader of the [Berrelleza-Verduzco criminal organization](#) was sentenced to 20 years in prison for the scheme to smuggle methamphetamine and heroin north and guns south into Mexico.

## VIOLENT CRIME

Faced with persistent crime problems around three motels in Tukwila, Washington, our prosecutors worked closely with local police and federal partners and seized the motels which had been magnets for drug dealing, prostitution and assaults. In 2011 and 2012, police responded to the motels for reports of rape, robbery, assault, drug transactions, gun crimes, prostitution, and possession of stolen property. During that time, the three motels accounted for approximately 17 percent of the Tukwila Police Department's calls for service. [On August 27, 2013, the U.S. Marshal Service seized the motels](#) and three owners were prosecuted for their roles in facilitating the criminal conduct at the motels. [Kulwinder Saroya](#) was sentenced to a year in prison. [Lakhvir Pawar](#) and [Jaspal Singh](#), will be sentenced in April 2014.



Sign posted by Tukwila neighbors following motel raids.

We continue our effort to improve our work in Indian Country, making sure that our Tribal Partners have the law enforcement resources and attention they need from federal prosecutors. Over the past year we have prosecuted violent crimes in Indian Country resulting in significant sentences. Federal prosecution resulted in a 23 year sentence for a [Nooksack Tribal member convicted of the ax murder](#) of a Sauk-Suiattle Tribal member; [a Swinomish Tribal member sentenced to 20 years in prison](#) for the murder of his Lummi common-law wife; and we [indicted a Tulalip Tribal member in the death of her toddler child](#). That case is scheduled to go to trial later this year.

Using the Matthew Shepard and James Byrd, Jr. Hate Crimes Prevention Act we prosecuted Jamie Larson, 50, of Federal Way who brutally attacked a Sikh cab driver. Larson was [sentenced to 40 months in prison](#) for the racially-motivated assault.

## ILLEGAL FIREARMS

We continue our concerted efforts to get guns out of the hands of felons working closely with state prosecutors to take those cases where federal prosecution can make a significant difference. To that end we prosecuted a number of repeat offenders possessing guns including Billy Chambers, who was convicted previously of manslaughter as a juvenile for the October 2008 death of Edward McMichael known as the “Tuba Man.” [Chambers is now serving a six year federal sentence for illegally possessing firearms.](#)

In Tacoma, we prosecuted a leader of the Ghost Riders Motorcycle club for his [criminal possession of weapons and explosives.](#) Karl Twilleager, a/k/a “King Karl”, 66, of Spanaway, Washington, was sentenced to a five year prison term.

We have seen a growing number of cases where firearms are used to protect drug manufacturing and distribution operations. This is a growing threat to neighborhoods throughout Western Washington. [A defendant who killed two men while defending his grow operation pleaded guilty in October](#) and was sentenced to seven years in prison.



Illegal Firearm Possession

## CYBERCRIME

Cybercrime is a growing threat to our national security and our financial and personal well being. For more than four years, I have chaired Attorney General Eric Holder’s Advisory Subcommittee on Cybercrime and Intellectual Property Enforcement (“Cybercrime Committee”). The Cybercrime Committee works to identify and address issues on a national basis, and focuses on countering cyber threats with innovative approaches on both the policy and enforcement fronts. [I testified before Congress on 21<sup>st</sup> Century cyber threats](#) and our efforts to combat them.



Stolen Information Sold Online

Our prosecutions of international cyber criminals continued with significant sentences handed down to those who disseminated stolen credit card numbers and the fraudster who ran a group of people who used them. [Dutch citizen David Schrooten was sentenced to 12 years in prison](#) for his role in selling stolen credit card numbers at an internet “carding” website. And the man who bought and used thousands of the numbers for fraud, [Charles Tony Williamson, 36, of Torrance, California was sentenced to 110 months in prison.](#)

Skimming of debit and credit cards continues to be a problem both locally and internationally. We prosecuted Canadian Dennis Nguyen, of Vancouver, B.C., for his leadership of a scheme to steal debit card and pin numbers from Vancouver coffee shops and then have co-conspirators in Seattle use those numbers to raid victim bank accounts. [Nguyen was sentenced to five years in prison.](#)

A member of a Romanian fraud ring was arrested in Seattle following an internet scheme to defraud people thinking they were buying high value boats and vehicles through reliable sellers on internet sites. [Defendant Juan Carlos De La Cruz Piote, 47, a native of Spain,](#) and his co-schemers, allegedly stole more than \$1 million from customers they duped with authentic appearing websites.

## FINANCIAL CRIMES

Our focus on financial fraud continues, with significant convictions and sentencing hearings in this area. [30-year-old Jose L. Nino De Guzman, Jr., was sentenced to ten years in prison for a \\$30 million fraud scheme.](#) In November, long-time financial planner Mark Spangler was convicted following a three week trial, of 32 counts of wire fraud, money laundering and investment advisor fraud. [He was sentenced in March 2014 to 16 years in prison.](#) And former developer [Winston Bontrager](#) was sentenced to 11 years in prison following a four week jury trial in July 2013. Bontrager and his long time girlfriend schemed to evade more than \$2.7 million in taxes and an additional \$687,000 he owed as restitution for a prior fraud scheme.



Bontrager and Anderson tax fraud.

Fraud involving banking and investment is an investigative priority. Late last year we indicted two Seattle residents for insider trading for [using internal Microsoft information](#) to profit on stock options trades. Investment advisors Aaron Travis Beaird, 39, of Enumclaw was sentenced to seven years in prison after he tried to fake his own death to avoid responsibility for the millions he stole from clients. [And former singer and songwriter Kasey Anderson](#), 33, of Vancouver, Washington pleaded guilty to wire fraud in connection with schemes to lure investors in non-existent music projects. Anderson will be sentenced later this year.

## CIVIL RIGHTS

Meaningful reform for the Seattle Police Department remains a top focus of my work as U.S. Attorney. [Throughout 2013 we have made strong progress on the building blocks of reform.](#) There is a new comprehensive use of force policy in place, approved by the federal judge overseeing this process. We also have agreed on new policies around Stops and Detentions and Biased-Free Policing that have been approved by the court. In early 2014 U.S. District Judge James L. Robart approved a new policy and training for crisis intervention and interactions with those affected by mental illness or substance abuse. These changes will fundamentally change interactions on the street and become a national model.

Using civil enforcement powers we protected the employment rights of returning servicemen. In one case we litigated on behalf of [Curtis Kirk, a U.S. Army reservist who claimed that All Battery Sales and Service \(ABS\) of Everett, Washington, violated the Uniformed Services Employment and Reemployment Rights Act \(USERRA\)](#) by failing to properly reemploy Kirk in September 2010, after he returned from military service in support of Operation Iraqi Freedom. The lawsuit also alleged that the defendant unlawfully demoted and then terminated Kirk's employment without proper cause. Under the terms of the settlement, ABS must pay Kirk \$37,500 to compensate him for lost or reduced wages and benefits. Among other things, the settlement also requires the defendant to provide training to ABS' high-level officials and human resources staff on the USERRA rights and obligations of employers and covered employees.

Our Civil Rights Unit continues to work with the community to educate and do outreach. We work on a variety of civil rights cases on both the civil and criminal front. We want to do our part to ensure Western Washington is a welcoming place that respects the rights of all people.



## PROTECTING THE ENVIRONMENT

Our environment is the great treasure of the Pacific Northwest. It defines much of who we are and what we do. It provides jobs, recreation and just sheer beauty. We work with our law enforcement partners to protect it.



Septic Dumping Case

Following a lengthy bench trial, the owner of a Longview, Washington septic pumping company [was convicted of 25 counts of violating the Clean Water Act](#) as well as counts of mail fraud and making false statements. Ray Caldwell, 60, and his company All-Out Sewer And Drain Service, Inc., illegally dumped more than two million gallons of pollutants into the sewer system over a period of four and a half years. Caldwell and his company will be sentenced later this year.

A scheme to illegally smuggle reptiles from the U.S. and Asia was dismantled this year, thanks to the quick reporting of a delivery worker who was shocked to find a snake in a moving box. The case, which was investigated by U.S. Fish and Wildlife revealed that turtles from the U.S. were being shipped to Hong Kong, and endangered species of reptiles from Asia were shipped to co-conspirators here. As many as 70 percent of the animals died during shipping because they were tied into socks and taped so that they were unable to move. [The leader of the scheme was sentenced to a year in prison](#) in January 2014.



Illegal Turtle smuggling

Finally, the owner of the Davy Crockett barge which broke apart and caused a significant oil spill on the Columbia River, [was sentenced to four months](#) in prison and eight months of home detention. Bret A. Simpson, 53, will also be required to pay towards the \$22 million clean-up costs of the spill.

## PROTECTING TAXPAYERS FROM FRAUD, WASTE AND ABUSE

Taxpayers deserve accountability, and we need to ensure the safety net is there for those that need it. The U.S. Attorney's Office prosecuted a number of defendants for tax fraud schemes this year including those aligned with the 'Sovereign Citizen' movement who believe they have no obligations to the United States. [Raymond Leo Jarlik Bell](#) was convicted in March 2013 of five counts of filing false, fictitious and fraudulent claims, 15 counts of assisting in filing false tax returns, three counts of mail fraud, and one count of criminal contempt. He was sentenced to more than eight years in prison. Two other 'Sovereign Citizens,' [Kenneth Wayne Leaming, 57,](#) and [David Carroll Stephenson, 57,](#) were sentenced to eight and ten years in prison respectively, for their scheme involving filing false liens against federal officials.

A tax preparer from Pierce County who filed more than 1300 false tax returns resulting in a loss of more than \$4 million to the U.S. Treasury was sentenced to 30 months in prison. [Cleo J. Reed, 62,](#) [recruited low income clients](#) to his scheme and filed false returns – keeping some of the proceeds.

Working closely with the Social Security Administration Office of Inspector General we continued our crackdown on those illegally collecting survivors and [disability benefits](#). [In a series of prosecutions](#) we held accountable those who continued to collect their deceased parents' Social Security benefits for years after the parents' death.



Computer Equipment

We prosecuted a California man who abused a program designed to provide surplus computers to schools and educational non-profits. [Steven Alexander Bolden](#), 50, pleaded guilty in January to wire fraud, aggravated identity theft, and filing a false income tax return. He'll be sentenced in May.

## PROTECTING VULNERABLE COMMUNITIES

One of the sobering obligations of law enforcement is to protect our most vulnerable. Through Project Safe Childhood we continue to work to protect children from predators. In 2013, law enforcement wrapped up Project Spade, a child pornography investigation led in the U.S. by the U.S. Postal Inspection Service (USPIS). Project Spade defendants in Western Washington include [David S. Engle, 50, of Maple Valley, sentenced in October to 23 years in prison](#) for Production of Child Pornography/ Sexual Exploitation of Children, one count of Receipt of Material Constituting or Containing Child Pornography, and one count of Possession of Child Pornography. Project Spade began with the investigation of an international company, Azovfilms.com, which distributed child pornography through the mails and via download to personal computers. In May 2011, foreign law enforcement executed a search of the business and seized hundreds of child pornography DVDs and business records. The investigation has resulted in 386 children rescued from direct abuse and exploitation and 348 people arrested worldwide.

A number of defendants were prosecuted last year for child pornography offenses. You can see more about those cases on our website [here](#).

We obtained a lengthy prison sentence for a defendant who not only forced two juveniles into the sex trades, he brutally attacked a guard at the Federal Detention Center leaving lasting injuries. [Sabir Shabazz, 22, was sentenced to 32 years in prison](#). Shabazz was in federal custody for sex trafficking two 13-year-old girls, when on January 3, 2012 he and another inmate assaulted a guard. Shabazz beat the guard with a pipe.

## GRANT FUNDING AND COLLECTIONS

In 2013 the United States Attorney's Office for the Western District of Washington collected more than \$22 million in criminal and civil actions it handled by itself, including \$12.3 million from the sale of forfeited assets. An additional \$817 million was collected in cases the U.S. Attorney's Office handled with other Department of Justice divisions and other U.S. Attorney's Offices. Using civil litigation, the office obtained payments from various entities that had overbilled U.S. Programs. [Sound Inpatient Physicians, Inc. of Tacoma agreed to pay \\$14.5 million to settle allegations that it overbilled Medicare and other federal health care programs](#). Dr. Alfred H. Chan, an oncologist in Lakewood, Washington, and his family, have [agreed to pay the United States \\$3.1 million](#) to settle allegations that he and his wife defrauded federal health care programs by significantly and repeatedly overbilling for cancer treatment medications. And in a case shared with other U.S. Attorney's offices, [Amgen agreed to pay \\$762.1 million](#) to resolve criminal and civil liability arising from its misbranding of certain drugs.



The U.S. Attorney's Office helped various Tribes and law enforcement entities obtain U.S. Department of Justice grants for a variety of purposes. Some of the grants include: [\\$10 million to eight Indian Tribes](#) in Western Washington to enhance services to crime victims and improve criminal justice in the tribal communities; more than [\\$1 million to the Seattle Police Department](#) to hire ten new officers; and nearly [\\$1 million for drug treatment and programs](#) to intervene in lives of youth exposed to domestic and sexual violence and stalking. These are just some of the federal grants coming to Western Washington. Much more information is available [here](#).

## SIGNIFICANT INITIATIVES

We will continue to hold criminals accountable and work to protect the public. But we must use all of our tools. We continue to work on new ways to address persistent crime issues such as drug addiction and repeat offenders. The Drug Reentry Alternative Model (DREAM) program in Western Washington has been in place for just over a year now. DREAM is a comprehensive court program that blends drug treatment and sanction alternatives to effectively address offender behavior, rehabilitation and the safety of the community. Participants are carefully screened and must not have any violence in their record. Those accepted in the program enter a plea of guilty and begin the DREAM program as an alternative to being sentenced to prison. Successful completion of the DREAM program leads to dismissal of charges. To date 10 people are actively participating in DREAM, with two participants successfully graduating from the program.

We increased our efforts to assist individuals returning from jails and prisons to our communities. Felons face a variety of barriers to leading crime-free lives including mental illness, substance abuse, health problems, poor employment histories, family issues, lack of job skills, and lack of housing, as well as other significant personal problems. We have partnerships with reentry coalitions in King, Snohomish and Pierce Counties with plans to expand to other counties in the coming year. We also have a formal partnership with South Seattle Community College's Workforce Development program which provides life skills and a path to living wage employment. In addition, we are assisting both government and non-governmental agencies in pursuing grant funding provided by the Second Chance Act.

2013 was a challenging year with a government shutdown and budget stalemate in Washington D.C. A hiring freeze in the Department of Justice means that our office is down a dozen attorneys as well as members of the support staff. Nevertheless, we have worked hard to fulfill our mission of protecting the public and representing the United States in civil litigation. We look forward to continuing our mission in 2014.



A handwritten signature in black ink that reads "Jenny A. Durkin". The signature is fluid and cursive, with a large loop at the end of the last name.

United States Attorney