



NEWS RELEASE

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FOR IMMEDIATE RELEASE

KENYANS, KC RESIDENTS INDICTED IN \$13.1 MILLION TAX FRAUD CONSPIRACY

KANSAS CITY, Mo. – John F. Wood, United States Attorney for the Western District of Missouri, announced today that 17 defendants have been indicted by a federal grand jury for participating in a multi-million dollar conspiracy to defraud the Internal Revenue Service. The alleged wire fraud scheme involved stealing the identities of hundreds of victims, primarily nursing home residents, which were used to seek more than \$13.1 million in fraudulent tax refunds.

“Today’s indictment alleges an international conspiracy, based here in Kansas City, to steal the identities of nursing home patients and to use those identities to seek fraudulent tax refunds,” Wood said. “The alleged victims include nursing home patients, the U.S. government and 27 different states. This is the kind of complex, international crime that we are focusing on in the U.S. Attorney’s Office.”

Conspirators allegedly filed at least 365 fraudulent federal tax returns during the course of the conspiracy that began in February 2005. They also allegedly filed fraudulent tax returns seeking refunds in 27 different states. Some of the money obtained through fraudulent tax refunds was transferred to Kenya.

“Identity thieves are using more complex and sophisticated methods to commit their crimes, and the Department of Justice is doing its part to stop them,” Wood said. “Just today, the department proposed updated legislation to Congress that would fill the gaps in current identity theft laws. The legislation comes as a recommendation from the President's identity theft task force, in which the Department plays an integral role.”

The indictment, which was returned under seal by a federal grand jury in Kansas City on Wednesday, July 18, 2007, was unsealed and made public today upon the arrests and initial court appearances of several co-defendants.

Most of the co-defendants charged in the 18-count indictment were born outside the United States and are believed to be citizens of Kenya or another African nation, having personal, family or other ties to each other. That includes **Loretta Wavinya**, 30, **Ervin Somba**, 26, **Edwin Nyumu Sila**, 25, **Lillian Nzongi**, 26, **Moses Ndubai**, 33, and **Bernard Nyemba**, 39, all of Kansas City, Mo., **Vincent Niagwara Ogega**, 23, of Independence, Mo., **Aaron Mutavi**, 28, of Overland Park, Kan., **Kenneth Njagi**, 31, of Lenexa, Kan., **Mary Gitiha**, 25, of San Francisco, Calif., **Ernest Kangara**, 40, of Santa Rosa, Calif., **Paul Kilungya Nyumu**, 41, address unknown, and **Karingithi Gotonga Kamau**, age and address unknown. Also charged in the indictment are **Jeanette Alexander**, 38, **Michael Anderson**, 46, **Rashira Lewis**, 20, and **Parker S. Willingham**, 23, all of Kansas City, Mo.

Wavinya worked as a tax preparer for several years; **Wavinya** – along with **Gitiha**, **Ndubai**, **Njagi**, **Nyemba**,

Nzongi, Ogega, and Sila – worked in Kansas City-area nursing homes or hospitals. In the course of their employment, they had access to patient identity information, which the indictment alleges was later used in the conspiracy. **Somba** and **Mutavi** allegedly recruited other persons to assist in various roles in the conspiracy.

According to the indictment, conspirators stole identity information (including Social Security numbers), predominantly from elderly nursing home patients, and used it to prepare both federal and state tax returns using tax preparation software. Conspirators allegedly prepared false W-2 information, listing employers that the identity theft victims never worked for, false residence addresses, and other false information. The tax information on the returns was entirely fictitious, the indictment says.

In order to conceal their true identities, the indictment alleges, conspirators filed these fraudulent tax returns electronically through public Internet “hot spots,” such as coffee shops or restaurants, and through unsecured private wireless networks maintained by unwitting individuals with no connection to the conspiracy. Conspirators often paid the filing fees with credit cards or loadable debit-type cards, the indictment says, which were opened in identity theft victims’ names.

According to the indictment, the false tax information was used to generate federal refund claims in the range of \$4,000 to \$47,000 each. The indictment alleges that conspirators also submitted false returns to state taxing agencies, typically in conjunction with federal returns, to generate claims in the range of \$1,500 to \$20,000 per return. According to the indictment, conspirators often filed multiple state tax returns in conjunction with a single federal tax return. Mail related to the returns and credit cards was sent to commercial mailboxes across Kansas City, the indictment says, and conspirators often used “runners” to pick up this mail in order to conceal their own identities.

Conspirators caused numerous bank accounts in Kansas City and elsewhere to be opened, the indictment says, specifically for the purpose of receiving electronic fund transfers of tax refund payments. Shortly after a refund payment would be wired into an account, conspirators allegedly used runners to help them withdraw the money. According to the indictment, conspirators wrote checks to the runners in amounts less than \$10,000 and drove the runners from bank to bank to cash the checks until the accounts were depleted, or the bank or the IRS detected the fraud and froze the account. The runners allegedly provided the withdrawn funds back to the conspirators and received a small payment for their services.

Some of the money obtained by the conspiracy was wired to banks in Kenya, the indictment alleges, and on some occasions refund money was withdrawn directly from accounts through automated teller machine (ATM) withdrawals occurring in Kenya. The indictment also alleges that on some occasions the conspirators routed electronic transfers of tax refunds directly to prepaid debit-like cards obtained anonymously through an Internet application process.

In addition to the conspiracy, the indictment contains 14 counts that charge each of the co-defendants – with the exception of **Nzongi** – in various counts of wire fraud related to wire transfers of tax refunds between Feb. 18, 2005, and Aug. 25, 2006. **Wavinya** is also charged with two counts of aggravated identity theft. **Nzongi** is also charged with money laundering in relation to a series of financial transfers conducted with a stolen identity, resulting in a wire transfer of funds to Nairobi, Kenya.

Wood cautioned that the charges contained in this indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorneys Daniel M. Nelson and Curt Bohling. It was investigated by the U.S. Postal Inspection Service, IRS-Criminal Investigation, the Bureau of Immigration and Customs Enforcement and the U.S. Secret Service.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow/index.html