

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>11-</u>
v.	:	DATE FILED: <u>June 2, 2011</u>
ROOSEVELT HAIRSTON JR.	:	VIOLATIONS:
	:	18 U.S.C. § 1341 (mail fraud -- 1 count)
	:	18 U.S.C. § 1956(a)(1)(B) (money laundering -- 1 count)
	:	26 U.S.C. § 7206(1) (filing a false tax return -- 1 count)
	:	Notice of forfeiture

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

BACKGROUND

At all times material to this information:

1. Defendant ROOSEVELT HAIRSTON JR. was employed as an attorney for the Children’s Hospital of Philadelphia (“CHOP”), a nonprofit hospital with a mission to provide medical treatment to children in the Philadelphia area. Most recently, defendant HAIRSTON was CHOP’s Executive Vice President and General Counsel. Prior to that, defendant HAIRSTON was the Senior Vice President for Community and Government Relations and Deputy General Counsel. Defendant HAIRSTON had a law degree from Temple University Law School and an undergraduate degree from the University of Maryland. Defendant HAIRSTON had authority to approve invoices submitted to CHOP and occupied a position of trust. Between 1999 and 2011, defendant HAIRSTON used his senior positions and positions of trust to embezzle approximately \$1.7 million from CHOP.

2. LBS Partners, Legal & Business Services Enterprises, L&S Data Services, Orion Development Group, Educational Strategies, Educational Opportunity, The Children's Research Alliance, and L&S Public Affairs Consulting were shell companies that defendant ROOSEVELT HAIRSTON JR. established to use to steal money from CHOP.

THE SCHEME TO DEFRAUD

3. From in or about 1999 to on or about February 14, 2011, defendant

ROOSEVELT HAIRSTON JR.

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

4. Between December 1999 and December 2003, defendant ROOSEVELT HAIRSTON JR. was responsible for coordinating the defense of CHOP against medical malpractice claims. Defendant HAIRSTON took advantage of this position and created fraudulent invoices falsely claiming that expert medical witnesses had supplied services to CHOP when, in fact, the expert witnesses either did not exist or had provided no such services to CHOP.

5. Between June 2007 and February 14, 2011, defendant ROOSEVELT HAIRSTON JR. was responsible for, among other things, community and government relations for CHOP. Defendant HAIRSTON took advantage of this position and created fraudulent invoices falsely claiming that various companies had provided consulting services, prepared economic impact studies, or other similar services to CHOP.

6. Defendant ROOSEVELT HAIRSTON JR. went to great lengths to conceal his fraud and launder the proceeds of the scheme by creating numerous shell companies, opening bank accounts in the shell companies' names, establishing phony offices for the shell companies, and creating fraudulent email addresses for some of the shell companies.

7. To prolong the scheme and increase the amount of funds that he was able to steal from CHOP, and to obstruct CHOP's efforts to uncover the fraud, defendant ROOSEVELT HAIRSTON JR. lied to his coworkers, including his personal assistant, stole the identity of a long-time friend ("referred to here as "Person No. 1"), and created false documents.

8. To maximize his profits from the scheme and conceal it, defendant ROOSEVELT HAIRSTON JR. filed false tax returns which failed to report his income from the scheme.

9. As a result of his embezzlement scheme, defendant ROOSEVELT HAIRSTON JR. stole approximately \$1.7 million from CHOP.

ACTS IN FURTHERANCE OF THE SCHEME

10. In approximately December 1999, defendant ROOSEVELT HAIRSTON JR. began using "LBS Partners," and other variations on this name, a shell company he created, to embezzle funds from CHOP and launder the proceeds of his embezzlement scheme.

11. Between approximately December 1999 and December 2003, defendant ROOSEVELT HAIRSTON JR. submitted approximately 33 fraudulent invoices to CHOP's accounting department falsely claiming that expert witnesses had supplied services to CHOP in defense of medical malpractice claims. Using these fake invoices, defendant HAIRSTON stole approximately \$225,000 from CHOP. Defendant HAIRSTON suspended the embezzlement

scheme when he was no longer able to approve invoices for expert witnesses on his own and needed approval of another CHOP official.

12. In June 2007, defendant ROOSEVELT HAIRSTON JR. restarted the fraud scheme and began stealing from CHOP using fake invoices again. This time, defendant HAIRSTON increased the number of fraudulent invoices he submitted to CHOP so that he could steal more money.

13. On June 17, 2007, defendant ROOSEVELT HAIRSTON submitted a fraudulent invoice to CHOP from “LBS Communications Partners” for an economic impact study and requesting \$50,000. Not knowing the invoice was fraudulent, CHOP mailed a payment of \$50,000 to a address controlled by defendant HAIRSTON who then deposited the check in a bank account he established to perpetrate the scheme.

14. Between June 2007 and February 14, 2011, defendant ROOSEVELT HAIRSTON JR. submitted nearly 100 bogus invoices to CHOP. These bogus invoices falsely claimed that defendant HAIRSTON’s shell companies had provided more than \$1.5 million in services to CHOP.

15. At times, when CHOP personnel called defendant ROOSEVELT HAIRSTON JR. about errors in the bogus invoices that would have exposed his embezzlement scheme, defendant HAIRSTON created fake documents and submitted them to CHOP personnel to prevent discovery of the scheme. For example, with regard to defendant HAIRSTON’s shell company called L&S Data, defendant HAIRSTON provided CHOP with a bogus email message which claimed that “Paul Robeson” was an official of L&S Data and that the company had ceased operations and that Robeson was going to work for the Governor of Virginia. Defendant

HAIRSTON used his parents' former address in Maryland as "Robeson's" address to conceal the fact that L&S Data was a shell company and that he was using it to steal from CHOP.

16. To conceal and perpetuate the scheme, defendant ROOSEVELT HAIRSTON JR. repeatedly stole the identity of Person No. 1 and falsely claimed that defendant HAIRSTON's friend was a CHOP vendor. Defendant HAIRSTON created bogus email addresses that purported to come from Person No. 1 and showed messages purporting to come from that bogus email address to CHOP personnel to make it appear that defendant HAIRSTON's shell company was an actual CHOP vendor.

17. In September 2010, CHOP personnel questioned invoices submitted to CHOP from "LBS Partners," a shell company defendant ROOSEVELT HAIRSTON JR. had created to steal from CHOP. In response, defendant HAIRSTON created fake documents to prevent CHOP from discovering the fraud. Specifically, on or about September 16, 2010, defendant ROOSEVELT HAIRSTON JR. sent his long-time assistant a message from a fraudulent email address defendant HAIRSTON created in the name of Person No. 1 purporting to be Person No. 1 and explaining that LBS Partners was owned by Person No. 1. Defendant HAIRSTON sent additional emails from this and another fraudulent email address defendant HAIRSTON created in an effort to prevent CHOP from discovering the scheme. Person No. 1, who was a close friend of defendant HAIRSTON, was not aware that defendant HAIRSTON had stolen Person No. 1's identity and used it in defendant HAIRSTON's embezzlement scheme.

18. Defendant ROOSEVELT HAIRSTON JR. used the funds he stole from CHOP to live a luxurious lifestyle, purchasing real estate, a yacht with a captain to maintain the yacht, high-end automobiles, and many other luxury items.

THE MAILING

19. On or about June 26, 2009, in the Eastern District of Pennsylvania,
defendant

ROOSEVELT HAIRSTON JR.,

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be sent by United States Mail a check in the amount of \$10,000 drawn on an account in CHOP's name and paid to "LBS Partners" in payment for a fraudulent invoice defendant HAIRSTON submitted to CHOP on April 30, 2009.

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs One through 18 of Count One are incorporated here.
2. Between on or about November 2, 2007, and on or about November 15,

2007, in the Eastern District of Pennsylvania, and elsewhere, defendant

ROOSEVELT HAIRSTON JR.

knowingly conducted a financial transaction affecting interstate commerce, namely, on November 2, 2007, defendant HAIRSTON caused CHOP to issue check number 788182 payable to "L&S Data," in the amount of \$45,000 which defendant HAIRSTON deposited into an account in the name of "LBS Enterprise," on November 15, 2007, defendant HAIRSTON then wrote two checks on this account to Commerce Bank totaling \$10,500 to pay two mortgages on his residence in Malvern, Pennsylvania.

3. When conducting the financial transactions described above, defendant ROOSEVELT HAIRSTON JR. knew that the property involved in those financial transactions represented the proceeds of some form of unlawful activity.

4. The financial transactions described above involved the proceeds of a specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341, and defendant ROOSEVELT HAIRSTON JR. acted with the knowledge that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership and control of the proceeds of the specified unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(B).

COUNT THREE

THE UNITED STATES ATTORNEY CHARGES THAT:

On or about April 15, 2009, in the Eastern District of Pennsylvania, defendant

ROOSEVELT HAIRSTON JR.

willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2008, which was filed jointly with his wife and verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which defendant HAIRSTON did not believe to be true and correct as to every material matter, in that the return failed to report income from his scheme to defraud CHOP, when, as defendant HAIRSTON knew, he received approximately \$419,700 in additional income from the scheme to defraud.

In violation of Title 26, United States Code, Section 7206(1).

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341 and 1956(a)(1)(B), set forth in this information defendant

ROOSEVELT HAIRSTON JR.

shall forfeit to the United States of America: (a) any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses; and (b) any property, real or personal, that was involved in the commission of such offense, including, but not limited to, approximately \$1.7 million.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c), and Title 18,
United States Code, Section 981(a)(1)(C).

ZANE DAVID MEMEGER
United States Attorney