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INTERNATIONAL FRAUD SCHEMSTER SENTENCED

CHARLESTON, W. Va. – The final defendant charged in connection with an international, multi-million dollar fraud scheme was sentenced today to three years in prison for her role in helping to divert over \$3 million from the State of West Virginia and other states.

Angella Muthoni Chegge-Kraszeski, 34, of Raleigh, North Carolina, was named as an unindicted co-conspirator in the original indictment unsealed in November 2009. She pled guilty in December 2009 to a single count indictment charging her with conspiracy to engage in illegal monetary transactions.

While recognizing that Chegge-Kraszeski was the “face of the conspiracy in the United States” and was “essential to the success of the scheme,” in sentencing Chegge-Kraszeski, United States District Judge John T. Copenhaver, Jr. gave significant credit to her for her substantial assistance to the United States which “was equally essential to the successful prosecution of others.”

The convictions stem from a joint federal investigation following the diversion of millions of dollars from the State of West Virginia. Five others, Robert M. Otiso, 36, of Elk River, Minnesota; Paramena J. Shikanda, 35, of Minneapolis, Minnesota; Collins K. Masese, 21, of St. Paul Minnesota; Michael M. Ochenge, 33, of Lakeville, Minnesota; and Albert E. Gunga, 30, of Chanhassen, Minnesota, were sentenced earlier this month their roles in the fraud conspiracy.

Specifically, the defendants, all Kenyan nationals, devised a scheme in late 2008 in Kenya, which resulted in the diversion of \$3.379 million from the states of West Virginia, Kansas, and Ohio, and the Commonwealth of Massachusetts to bank accounts controlled by the co-conspirators. The funds were intended for legitimate vendors as payment for goods and services. The investigation revealed that in excess of \$770,000 was wired to bank accounts in Kenya.

The scheme targeted vendors who received significant payments from the states on a routine basis. In order to execute their scheme, co-conspirators located in the United States filed documents creating dummy entities with names similar to the legitimate vendors. Fraudulent bank accounts were then created in the names of the targeted vendors. With information acquired through the Internet and otherwise, direct deposit authorization forms were completed for the targeted vendors, including Deloitte Consulting LLP; Unisys Corporation; Accenture LLP; and Electronic Data Systems, Inc. Authorization forms were then mailed to the states along with voided starter checks on the fraudulent accounts. The direct deposit authorization forms purported to authorize the states to send electronic payments for goods and services to the targeted vendors. The fraudulently submitted forms were

intended to and did cause several states to route payments to the fraudulent bank accounts established by the co-conspirators, thereby allowing the defendants to hijack legitimate vendor payments.

United States Attorney Booth Goodwin stated, “Today represents justice for our state’s taxpayers. Money taken from the public treasury is money not available for schools, roads, or senior services. That’s why this case is one of my top priorities.” Goodwin continued, “This defendant’s sentencing represents a major milestone in the case. But we are not finished. We will continue to pursue more of the criminals who helped defraud the state.”

“As demonstrated in this case, joint law enforcement is vital to thoroughly investigating fraud schemes in multiple jurisdictions,” commented W.B. Fluharty, Supervisory Postal Inspector for West Virginia. “The United States Postal Inspection Service is committed to continued collaboration between our Federal and state partners to vigorously investigate these crimes.”

The investigation was conducted as a part of President Obama’s Financial Fraud Enforcement Task Force by the United States Secret Service; Internal Revenue Service, Criminal Investigation Division; United States Postal Inspection Service; U.S. Immigration and Customs Enforcement; and West Virginia Commission on Special Investigations. The investigation was assisted by other federal, state, and local law enforcement agencies in North Carolina and Minnesota, including the North Carolina State Bureau of Investigation, the Minnesota Financial Crimes Task Force, and the Minneapolis, Edina, and Elk River Police Departments. Assistant United States Attorney Susan M. Robinson handled the prosecution.

President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement agencies who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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