



Department of Justice

U.S. Attorney's Office
Southern District of Texas

Tim Johnson • United States Attorney

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**FOUR INDICTED FOR FRAUDULENTLY OBTAINING DISASTER RENTAL ASSISTANCE
AFTER PURCHASING NEW HOMES THROUGH OPRAH WINFREY'S CHARITY
"OPRAH'S ANGEL NETWORK"**

(HOUSTON) - Three sealed Indictments charging four Hurricane Katrina evacuees with wrongfully obtaining rental assistance from FEMA after having purchased new, fully-furnished homes that were financed by Oprah Winfrey's "Oprah's Angel Network," were unsealed today, United States Attorney Tim Johnson announced. The return of these indictments brings to 94 the total number of persons charged with fraud arising from Hurricane Katrina, Rita and Ike relief efforts in the Southern District of Texas.

"The response to natural disasters brings out the best and worst in people," said Johnson. "Generous acts of charity are tarnished by those who despite the generosity of others, fraudulently make claims for government relief funds. This office will continue its efforts to bring those who make false claims for public funds to justice."

Darlene McGruder Poole, 30, of Houston, and her sister, Lashona McGruder Victor, 37, of La Place, La., are charged together with conspiracy to commit mail and wire fraud. Kiesha Murphy, 34, of Houston, and Angela Payne, aka Angela McKinnies, 38, of Houston, are each charged in separate indictments with making false statements to FEMA and theft of government property. The Indictments, which were returned last Wednesday, were unsealed this morning upon the arrest of Poole, Murphy and Payne at their respective residences in Houston by agents of the Office of Inspector General (DHS-OIG), the Department of Labor - Office of Inspector General (DOL-OIG) and the Federal Protective Service (FPS). These defendants made their initial appearance before United States Magistrate Judge Mary Milloy this morning, while Victor is expected to surrender to law enforcement authorities in Houston by the end of the week. In August and September 2005, Hurricanes Katrina and Rita made landfall on the Louisiana and Texas Gulf Coast. Under FEMA's Individuals and Households Program (IHP), FEMA made

available an initial rental assistance payment to individuals who were displaced from their homes as a result of Katrina and Rita. Displaced individuals could potentially obtain additional rental assistance payments by submitting a declaration of continuing need for rental assistance. Under FEMA's IHP, individuals who purchased a home after a disaster ceased to be entitled to rental assistance as they were no longer making rental payments and now maintained a new primary residence.

In light of the devastation caused by Katrina and Rita, celebrity television personality Oprah Winfrey, through her charitable organization "Oprah's Angel Network," partnered with Habitat for Humanity to build and furnish homes for approximately 65 families forced to relocate to Houston as a result of the storms. The bulk of these homes were built on Asheburton Springs Drive in Houston, which was subsequently re-named "Angel Lane" in honor of the funding and assistance provided by Oprah's Angel Network. The aim of the Angel Lane Housing Development was to allow individuals who had been displaced by Katrina or Rita to purchase brand new homes under extremely favorable financing terms. Specifically, with the funding provided by Oprah's Angel Network, Habitat for Humanity would use its expertise to construct and furnish the new homes and would act as an interest-free lender to the purchasers of the homes. The City of Houston would also provide the purchasers with generous down payments from its Housing and Community Development Department program. All of these charitable efforts combined would enable the selected victims of Katrina and Rita to purchase new homes in Houston at deeply discounted prices.

The Indictment against Poole and Victor alleges that Poole - who had already received more than \$23,000 in legitimate disaster assistance after being displaced from her home in New Orleans - continued to submit declarations of continued need for rental assistance despite her August 2006 purchase of a home on Angel Lane. In support of her fraudulent rental assistance claims, Poole is alleged to have also stated to FEMA that she continued to be unemployed when the indictment alleges she was working for Harris County, at times in the Community Supervision and Corrections Department. In December 2006, her sister, Victor, allegedly registered with FEMA as the landlord of Poole's home on Angel Lane and the two submitted fraudulent lease agreements and fictitious rental receipts in support of Poole's bogus claim for continued rental assistance. The indictment alleges that as a result of their conspiracy to commit mail and wire fraud, FEMA ultimately paid the defendants more than \$14,000 for rental assistance to which they were not entitled. If convicted, Victor and Poole each face up to 20 years imprisonment, a \$250,000 fine and three years supervised release.

According to allegations in a separate indictment, Murphy received more than \$17,000 in legitimate disaster assistance after being displaced from New Orleans by Katrina. Murphy purchased her house on Angel Lane in July 2006, but she is accused of nevertheless continuing to submit declarations of need for rental assistance to FEMA. The indictment alleges she also provided fictitious rental receipts purporting to show that she was renting her home on Angel Lane as opposed to being the homeowner. Additionally, Murphy is also accused of fraudulently obtaining disaster unemployment assistance by falsely claiming to be unemployed from March through June 2006, when the indictment alleges she was working at Memorial Hermann

Hospital in Houston. Murphy is accused of wrongfully obtaining more than \$12,000 in benefits as a result of her fraudulent filings with FEMA.

Payne, also originally from New Orleans, purchased her home on Angel Lane in July 2006, and according to allegations in a third indictment, subsequently submitted fictitious rental receipts and other documents in support of a fraudulent claim for continued rental assistance. Although charged separately, Murphy and Payne each face up to five years imprisonment on each of their false statement charges, up to 10 years imprisonment for theft of government property, a fine of up to \$250,000 and three years supervised release, if convicted.

The criminal charges are the result of a investigation conducted by DHS-OIG, DOL-OIG and FPS. The cases are being prosecuted by Assistant United States Attorney Jason Varnado. The United States Attorney's Office for the Southern District of Texas is a member of the Department of Justice's Hurricane Katrina Fraud Task Force, created to deter, detect and prosecute unscrupulous individuals who try to take advantage of the Hurricane Katrina and Hurricane Rita disasters. The Task Force is comprised of federal, state and local law enforcement investigating agencies and the United States Attorney's Offices in the Gulf Coast region and nationwide.

Anyone suspecting criminal activity involving disaster assistance programs can make an anonymous report by calling the toll-free Hurricane Relief Fraud Hotline, 1-866-720-5721 or contacting the Disaster Fraud Fax at 1-225-334-4707 or the Disaster Fraud e-mail at disaster@leo.gov, 24 hours a day, seven days a week until further notice. Information can also be e-mailed to the inspector general at dhoighotline@dhs.gov or sent by surface mail, with as many details as possible, to:

National Center for Disaster Fraud
Baton Rouge, LA 70821-4909
or
Department of Homeland Security
Washington, DC. 20528
Attn: Office of Inspector General, Hotline