



Department of Justice

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Southern District of Texas

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GALVESTON'S FLAGSHIP HOTEL OWNER CHARGED WITH DEFRAUDING FEMA HURRICANE EVACUEE RELIEF PROGRAMS

HOUSTON, TX—United States Attorney Chuck Rosenberg announced today the return of a 39-count indictment charging Daniel Yeh, 52, of Sugar Land, Texas, with twenty-two counts of wire fraud and seventeen counts of filing false claims against the Federal Emergency Management Agency (FEMA). Yeh is the principal owner of Flagship Hotel Ltd., which operates the Flagship Hotel (Flagship), located at 2501 Seawall Boulevard in Galveston, Texas.

Yeh is accused of wire fraud and filing false claims totaling at least \$232,000 in connection with disaster relief lodging programs for hurricane evacuees funded by FEMA's Public Assistance Program. This case is the first of its kind in the nation. Eight others were previously arrested in this district on charges of fraud in connection with hurricane disaster relief programs.

The indictment was returned today by a Houston grand jury, and will be prosecuted in the Galveston Division of the Southern District of Texas. A warrant will issue for Yeh's arrest. It is anticipated that the U.S. District Court for the Galveston Division will issue an order setting a date and time in the near future for Yeh to surrender to the U.S. Marshal's Service and be arraigned on the charges.

After Hurricane Katrina, a FEMA Public Assistance grant funded the Special Transient Accommodations and Assistance Program (STAAP) administered by the Red Cross, and later known as the Short-Term Lodging program (SLP) administered by FEMA, allowed hurricane evacuees from designated disaster areas to stay in hotels free of charge. The FEMA grant programs reimbursed those hotels for the evacuee's stay.

According to the indictment, the Flagship enrolled in the FEMA lodging programs after Hurricane Katrina to provide hotel rooms for evacuees and continued to participate in the programs after Hurricane Rita. The indictment alleges that between October 1, 2005, and December 15, 2005, Daniel Yeh knowingly devised a scheme to defraud the federal disaster relief programs of at least \$232,000. As part of the scheme, it is alleged that Daniel Yeh took over the task of billing the federal lodging programs online after Hurricane Rita. Yeh is accused of filing fraudulent claims for reimbursement for (1) rooms in the names of hotel employees who previously stayed at the Flagship free of charge as part of their employment arrangement; (2) rooms in the name of supposed hurricane evacuees on dates when those rooms were occupied by paying hotel guests with different names; (3) rooms occupied by friends, relatives, and employees of his wife's business, who were recruited to stay at the hotel, but were not evacuees; (4) rooms in the names of supposed hurricane evacuees who never had rooms at the Flagship; (5) rooms in the name of supposed hurricane evacuees on dates when those rooms were unoccupied; (6) for multiple rooms in the names of a single guest when, in fact, the guest occupied fewer rooms than billed.

Each of the twenty-two wire fraud counts carries a punishment of up to 20 years imprisonment and a fine of up to \$250,000. Each of the seventeen false claim counts carries a punishment of up to five years imprisonment and a fine of up to \$250,000.

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 by Attorney General Alberto R. Gonzales to deter, detect and prosecute unscrupulous individuals who try to take advantage of the Hurricane Katrina and Hurricane Rita disasters. Headed by Assistant Attorney General Alice S. Fisher, the Task Force consists of federal, state, and local law enforcement investigating agencies and the United States Attorney's Offices in the Gulf Coast region and nationwide.

This matter was investigated by the Department of Homeland Security Office of Inspector General with the assistance of the U.S. Secret Service, and is being prosecuted by Assistant United States Attorney Gregg Costa and Special Assistant United States Attorney Jason Varnado.

An indictment is a formal accusation of criminal conduct, not evidence. The public is reminded that a defendant is presumed innocent unless and until convicted through due process of law. The United States always bears the burden of proving guilt beyond a reasonable doubt.

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