

The United States Attorney's Office

Western District of Michigan

Press Release

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GRAND TRAVERSE COUNTY SHERIFF'S OFFICE RECEIVES \$697,038.90 CHECK FROM U.S. GOVERNMENT FOR ROLE IN ALIEN HARBORING AND TAX EVASION INVESTIGATION

MARCH 30, 2009 - TRAVERSE CITY, MICH. – Recognizing its role in the investigation and successful prosecution of a nationwide janitorial and grounds-keeping service that was staffed almost exclusively with illegal aliens and whose officers evaded over \$15 million in federal employment taxes, U.S. Attorney Donald A. Davis today presented the Grand Traverse County Sheriff's Office with a check for \$697,038.90. The funds constitute a portion of the assets that were obtained when the U.S. Attorney's Office seized the bank accounts and other assets of the principle defendants in the 2007-2008 federal prosecution of the Florida based company "Rosenbaum-Cunningham International, Inc. (RCI)," and U.S. Attorney Davis distributed them in accordance with the U.S. Treasury Department's equitable sharing program that applies to assets seized by the Federal Government as proceeds or instrumentalities of criminal activity.

The Sheriff Office's involvement began in 2005, when it opened an investigation into then State of Michigan employee San Juanita Schlagel for selling social security account numbers to illegal aliens. After U.S. Immigration and Customs Enforcement (U.S. ICE) and the U.S. Attorney's Office joined the investigation, the Sheriff's Office assisted in executing two federal search warrants at Schlagel's office and home. She, in turn, alerted authorities to the activities of Santiago Echaniz, an RCI employee who was over-seeing the performance of RCI workers who were subcontracted by the Grand Traverse Resort and Spa (GTRS). From there, the investigation led to the principal officers of RCI in Florida, and then to RCI locations across the United States at venues such as Hard Rock Café, Planet Hollywood, Dave and Busters, and ESPN Zone. The investigation also grew to include major federal tax violations by RCI in addition to immigration offenses, which resulted in Sheriff's Office investigators working not only with the U.S. Attorney's Office and U.S. ICE, but with agents of the Internal Revenue Service, Criminal Investigations Division (IRS-CI).

The case made prime-time national news in February 2007 when the 23-count indictment was unsealed in Grand Rapids in conjunction with both a U.S. ICE press conference in

Washington, D.C. and a nationwide work-site enforcement by U.S. ICE that resulted in the arrest and detention of hundreds of illegal aliens. By the time it ended, the investigation had resulted in the seizure of bank accounts, vehicles, boats, real estate and currency worth roughly \$3.5 million, had led to prison sentences that ranged from as low as a few months for low-level defendants to as high as ten years for RCI president Richard Rosenbaum, and had resulted in the complete dismantling of a company that, at one time, employed as many as 1,000 illegal aliens. In fact, between 2001 and 2005 alone, RCI was paid over \$54,327,000.00 by its client venues, including the GTRS. By failing to collect and pay Federal income, Social Security and Medicare, and Federal employment taxes on the wages it paid to its workforce, RCI was able to evade payment of over \$15,675,000.00 in employment taxes.

ICE is proud to join our federal partners on this significant worksite enforcement investigation in recognizing the key role that our equally important local law enforcement partners played in bringing RCI and its leadership to justice," said Brian M. Moskowitz, Special Agent in Charge of the ICE Office of Investigations. "Taking this money out of the hands of criminals and putting it in to the hands of local law enforcement sends the right message and we know that these funds will allow the Grand Traverse Sheriff's Office to continue the excellent work they do."

"As it was about the money for this criminal conspiracy, it still is about the money," said Maurice Aouate, Special Agent in Charge of the Internal Revenue Service. "These illegal proceeds obtained from greed can now be used by the Grand Traverse Sheriff's Office to continue to fight crime and protect their community."

U.S. Attorney Davis praised the cooperative efforts of the various law enforcement agencies involved and commended the performances of Assistant U.S. Attorneys Hagen W. Frank and Matthew G. Borgula, who prosecuted the case.

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