



U.S. ATTORNEY'S QUARTERLY

Foreclosure Rescue Scam Charged Federally

On December 8, 2009, five people, including two lawyers, were charged with running a foreclosure rescue scam that preyed on homeowners who were already in dire straits.

Lawyer **Stephen G. Doherty** was allegedly using targeted mailings to lure financially distressed homeowners. The victims had contacted the law office looking for help. Instead, Doherty and co-defendants **Jeffrey Bennett, Edward and Jacqueline McCusker, and John Bariana**

allegedly launched a sale-leaseback scheme that involved: a phony prom-

ise that an investor would help save the victim's home, stripping the property of equity, and putting someone else's name on the property title. The defendants then recruited at least seven other persons to act as straw owners in order to generate additional profits for themselves. The defendants were charged with submitting false documents to mortgage lenders, using false information about the straw owners' assets and income to justify the loans. **Doherty & Bennett** have pleaded

guilty. The remaining three defendants are awaiting trial.

The U.S. Attorney's Office and the Department of Banking are interested in putting a stop to such scams.

If you believe you are a victim of a foreclosure rescue scam, call the Dept. of Banking hotline at 1-800-PA-Banks. Or visit our website at www.usdoj.gov/usao/pae for more information.

A Message From the U.S. Attorney for the Eastern District of Pennsylvania

MORTGAGE FRAUD

The United States Attorney's Office has been battling mortgage fraud for years. It is a battle that has seen its share of victories, like the indictment of those involved in the foreclosure scam we highlight in this issue.

To win more victories, we need your help. Any time you deal with a mortgage, whether it is to buy a house, borrow money to fix your house, or re-finance the loan you already have, be careful.

Be on the lookout for fraud. A good question to ask yourself is whose idea was it to enter into the transaction? Did someone approach you? Be cautious of anyone coming to you with some plan to help – whether they found you by phone, through the mail, or at your door. In most of our mortgage fraud cases, the perpetrators solicited the victims.

Trite though it may be, if it sounds too good to be true, it probably is. There is rarely a quick fix to a pending foreclosure, for in-

stance. If someone tells you otherwise, beware. You can save your home, but it will take time and effort. Too many of our cases involve a slick fraudster who convinces desperate homeowners that he can save their houses right away and all they have to do is sign some papers.

Get help. There are scores of housing counselors in your area who will give advice for free. There is little need to pay anyone to help you modify a loan you are having trouble paying. Unfortunately, countless people have called our office complaining that they paid some company to help, but nothing was done. The Department of Housing and Urban Development maintains a list of approved housing counselors who will help you.

Read everything and make sure you understand it. One of the most unfortunate cases we prosecuted involved a home improvement contractor that targeted Spanish speaking homeowners. All the documents were in English; the victims trusted the contractor to tell them what the documents meant. He

often misled them. Loan documents can be complicated. You need to take your time to read them carefully. If you don't understand them, then find someone you know to explain them to you.

Above all else, trust your instincts. If something does not sound right to you, walk away.

Mortgage fraud affects us all; we can all work to stop it. For more information, go to the mortgage fraud task force tab on our website (www.justice.gov//usao/pae).

-Michael L. Levy



Inside this issue:

- A message from the U.S. Attorney 1
- Medicare Fraud Warning 2
- Preventing Teen Dating Violence 4

MEDICARE FRAUD WARNING : Beware of "free" supplies and equipment



On December 10, 2009, our office charged R&V Medical Supplies, of Philadelphia, two of its co-owners, and four others in a scheme to defraud the federal Medicare program and insurance provider Independence Blue Cross. Co-owners **Robert and Sheila Saul** allegedly ordered medical equipment, such as power wheelchairs, for previous clients and others regardless of the recipient's medical needs. Some of the unsuspecting patients who called R&V were told that they had qualified for free medical supplies. We charged that the defendants had, in fact, billed Medicare under the recipient's name and received more than \$1.2 million in reimbursements from Medicare. The defendants also allegedly had referral sources in physician offices and told those sources to intercept phone calls from the equipment recipients who called to verify the reason they received the equipment. The sources in the physicians' offices assured the recipients they were authorized

to receive the equipment.

Robert and Sheila Saul are also charged with paying kickbacks to others, who gave the couple information about Medicare beneficiaries. The Sauls, along with Lisa Burnett, Susan Landolf, Debra Stallings, all from Philadelphia, and Carol Mason, from Norristown, are awaiting trial.

If you are a Medicare recipient and receive medical supplies or equipment that you did not order, call the Health and Human Services Office of the Inspector General at 1-800-447-8477 or go to their website for more information:

<http://www.medicare.gov/FraudAbuse/HowToReport.asp>

Insurance Fraud Scheme Charged

You may have seen the ads on television showing a man telling his wife that he reported their car stolen to get out from under the car payments. Then the police call. The message: insurance fraud is illegal.

On February 18, 2010, a federal grand jury returned an indictment¹ against 17 people, including a chiropractor and an attorney, charging them with mail fraud in connection with a scheme that involved staging phony automobile accidents for the purpose of defrauding insurance companies.

Here is what the indictment charges: the defendants willingly filed false accident reports in order to receive free medical care and in an attempt to receive civil settlement payments; the accident "victims" would file fraudulent insurance claims after staging phony accidents or falsely representing that an automobile accident occurred when it had not; certain defendants obtained false police reports from a then-active Philadelphia police officer, recruited participants to be named drivers and passengers in these fictitious accidents, referred alleged accident "victims" to a chiropractor and attorneys, and demanded kickbacks from civil settlement awards; the defendants provided a false story for the accident "victims" to tell the chiropractor, lawyer, and insurance company; and, in some cases, in order to make the vehicles look like they had been in a real accident, the cars or trucks were intentionally damaged at an auto body shop or by driving them into a wall.

The indictment arises out of a long-term joint investigation conducted by the Philadelphia District Attorney's Office Insurance Fraud Unit and the Federal Bureau of Investigation. More than 50 defendants connected with the case have pleaded guilty in state court, with two awaiting trial. An additional eight defendants have been convicted or pleaded guilty in federal court, including former Philadelphia police officer Drexel Reid who is awaiting sentencing. A co-defendant of Reid's, tow truck driver Jerry Blassengale, was sentenced last year to 87 months in prison for his role in the scam and for assaulting the investigators in this case when they tried to arrest him.

For more information on the case, visit our website: www.justice.gov/usao/pae.

PERSONAL CARE HOMES

Additionally, if you have a relative or loved one residing in a personal care home where their basic care needs are not being met, we are interested in hearing about it. Many of these homes receive federal funds, such as from a resident's social security or Medicare, intended for the beneficiary's care.

Lamunda Nichols, owner of Lamunda's Manor, a personal care home on E. Locust Avenue in Germantown, pleaded guilty in December to taking approximately \$50,471.94 in federal benefits checks intended for persons with severe mental and physical disabilities who were in her care. As an approved representative payee, she was entrusted to use those funds to ensure that the clients' basic human needs - food, clothing and shelter - were met. Nichols failed to notify the Social Security Administration that some clients had moved to other locations and were no longer in her care; and failed to keep any records of the use and disposition of funds she had received on behalf of the individuals in her care. In some cases she forged the beneficiaries' signatures on the checks. Her sentencing is scheduled for March 15th.

If you believe you may be a victim of a federal crime, the U.S. Attorney's website has more information on whom to call to file a report. Go to www.justice.gov/usao/pae for help.



VOCABULARY: Straw Purchasing

If you buy a gun for a person who is not legally permitted to buy it for him/herself, you are committing a straw purchase. Straw purchasing is illegal. Many times, the straw purchaser is a friend or love interest of the person who wants the gun. Sometimes they are complete strangers. The straw purchaser may not know that the person asking them to buy the gun is prohibited from owning it. Regardless, the straw purchaser is still committing a crime and will have to face the consequences in court. The guns that are purchased by straw buyers are and have been - more often than not - used for criminal purposes, including murder. Straw purchasing is a felony and, if convicted, you would face a

maximum sentence of five years in prison.

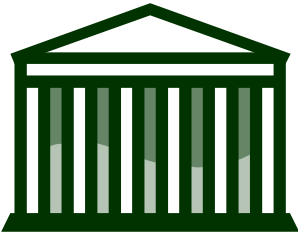
If someone asks you to buy them a gun, or offers you money to do so, and you comply using your own name and identifying information, you become responsible for that weapon, despite the fact that you give up control of it. If that weapon is used in a crime, it leads back to you and you will be charged with straw purchasing.

If you are aware of someone making such requests, report it to the Bureau of Alcohol, Tobacco, Firearms, and Explosives or to your local police department. Don't let the road to a crime spree lead back to your front door.



DID YOU KNOW that you can sign up for email updates from the Department of Justice? Go to www.justice.gov to find out how or to stay connected to DOJ on Facebook and Twitter.

In Progress...



Two trials began in earnest in February.

US v. Kamuvaka, et al

Workers with Multi-Ethnic Behavioral Health, Inc. (MEBH), were **convicted** of falsifying documents to show they visited and cared for city residents who required social services. One of the families the agency was supposed to be aiding was that of 14-year old Danieal Kelly. Instead, she was neglected and died of starvation. The indictment charged four co-founders and five workers of MEBH. All but four of those charged pleaded guilty with the remaining defendants going to trial. The verdicts were delivered March 3rd, one month after openings. Sentencing hearings are scheduled for June. The case is being prosecuted by Assistant U.S. Attorneys Bea Witzleben and Vineet Gauri.

U.S. v. Phillips, et al

Accused drug kingpin **Maurice Phillips** is charged with arranging the murder of a federal witness against him, Chineta Glanville, in order to protect his multi-million dollar drug enterprise. If convicted of the murder-for-hire, Phillips faces the possibility of a death sentence. Eight co-defendants in the case pleaded guilty last year leaving Phillips, Sherman Kemp, and David Garcia, to take their chances at trial. Kemp and Garcia are charged in the conspiracy to distribute cocaine, not the murder plot. Trial began February 1st with opening statements and is expected to take several weeks. It is being prosecuted by Assistant U.S. Attorneys L.C. Wright and Maureen McCartney.

Crime and Punishment

Threat Against Federal Prosecutor

Wayne Pannell, 47, of Washington, D.C., was **sentenced** January 5, 2010, to 96 months in federal prison for threatening the life of an Assistant United States Attorney (AUSA). In February of 2009, the AUSA was prosecuting a case in which Pannell was subpoenaed to testify as a government witness. Pannell stated he did not want to testify. He recruited and paid a man named Darryl Tipps, charged elsewhere, to call the AUSA and make threats to kill the AUSA and to kidnap the AUSA's son, if the case continued. Pannell was convicted at trial on October 7, 2009.

Fraud Case Involving Charter School

Rosemary DiLacqua, 51, of Philadelphia, was **sentenced** in December, to a year and a day in prison for fraud committed while she was board president for the Philadelphia Academy Charter School ("PACS"). DiLacqua accepted a total of approximately \$34,000 in payments from codefendant **Kevin O'Shea**, the former CEO of PACS, and another former school official, that she did not disclose on her mandatory statement of financial interest form or to the other board members. After receiving these undisclosed payments, DiLacqua approved a series of salary increases for O'Shea and also a 20-year consulting contract for the other former school official that would have paid him in excess of \$100,000 annually for no more than 90 days of consulting.

Chiropractor Charged With Arson

Jonathan P. Wiktorchik, Jr., was **indicted** February 8, 2010, on charges of arson, making false statements to federal investigators, mail fraud, and obstruction of the Internal Revenue Service in connection with the March 30, 2008 explosion and fire that occurred at the Bucks County Chiropractic Center he owned with his wife. Wiktorchik allegedly set the fire using gasoline then filed a loss claim with his insurance company. He received a partial payment in the amount of \$50,000. At the time of the fire, Wiktorchik was also under investigation by the Internal Revenue Service with regard to his 2005 business tax records. According to the indictment, he told the IRS that all of his 2005 business tax records were destroyed in the March 2008 fire when, in fact, they were stored at his residence. He is awaiting trial.



CRIMEBUSTERS : ICE

WORK VISA FRAUD INVOLVING ILLEGAL IMMIGRANTS

Michael T. Glah, 48, **Theresa M. Klish**, 50, both of West Chester, PA, and **Mary Gillin**, 60, of Downingtown, PA, **pleaded guilty** on December 29, 2009 to a conspiracy that fraudulently shuttled illegal workers through the immigration system to obtain temporary work visas. Glah owned and operated International Personnel Resources, a West Chester, Pennsylvania-based company that recruited workers from outside the United States for client businesses and then helped secure the work visas for those workers. IPR would apply for more temporary work visas than it needed by using phony information about the applicant. The company stockpiled the visas for future use by clients who were business owners employing illegal immigrants. The defendants are awaiting sentencing. The case was investigated by the Department Diplomatic Security, the Department of Labor, and the Department of Homeland Security Immigration and Customs Enforcement, also known as "ICE". ICE investigations are not limited to immigration issues. The agency also frequently investigates human smuggling and trafficking, narcotics smuggling and distribution; identity theft and benefit fraud; money laundering and bulk cash smuggling; weapons smuggling and arms trafficking; cyber crimes; export violations and technology smuggling; and other crimes with a nexus to the border. For more info about ICE, go to: <http://www.ice.gov> or to report a violation 1-866-DHS-2-ICE (1-866-347-2423).

NEXT ISSUE:

- Verdict in the trial of Maurice Phillips, a drug dealer charged with arranging the murder of a federal witness. If convicted, he faces a potential death sentence.
- Web safety tips for parents for summer.
- Crimebusters highlights the FBI.
- Lawyer John Karoly's sentence for fraud.



TAX TIP



Tax season is upon us. Here's a reminder to check your return even when it is prepared by a professional because YOU are responsible for what gets filed with the IRS.

Jacob Varghese, the owner of J& A Associates located at 8906 Brouse Avenue, Philadelphia, was charged by indictment¹, February 23, 2010, with willfully aiding and assisting other people in preparing false federal income tax returns which were filed with the Internal Revenue Service. According to the indictment, for the tax years 2005 through 2007, Varghese prepared 22 tax returns that included itemized deductions for charitable contributions, payment of attorney's fees, and unreimbursed employee expenses, which were false or which the individual taxpayers were not entitled to deduct. These falsified returns defrauded the IRS of more than \$90,000 in taxes owed.

Varghese will face possible prison time and fines but the taxpayers whose returns he falsified are on the hook for the taxes owed plus interest and penalties.

National Teen Dating Violence Awareness and Prevention

The Justice Department, working with the Senate, declared the month of February "National Teen Dating Violence Awareness and Prevention Month". It is an opportunity to remind parents and teens of the prevalence of violence among adolescent girls. According to the Centers for Disease Control and Prevention, approximately one in three adolescent girls in the United States is a victim of physical, emotional or verbal abuse from a dating partner, and approximately 10 percent of high school students have been hurt physically by a boyfriend or girlfriend. Teen dating violence often keeps students from attending or excelling in school, and puts victims at higher risk for substance abuse, eating disorders, risky sexual behavior, teen pregnancy, suicide and adult re-victimization. In the past decade, the use of technology by stalkers has become commonplace, complicating prevention and intervention efforts. One in four teens in a relationship say they have been harassed or put down by their partner through their cell phone and texting, and more than 60 percent of teens have been pressured to engage in "sexting."

Help is available through the Office of Violence Against Women. Call the National Teen Dating Abuse Hotline at 1-866-331-9474, connect with a Trained Peer advocate online at www.loveisrespect.org, or visit OVW's website at <http://www.ovw.usdoj.gov/>.



If you believe you may be a victim of a federal crime, the U.S. Attorney's website has more information on who to call to file a report. Go to www.justice.gov/usao/pae for help.