



U.S. ATTORNEY'S QUARTERLY

Kaboni Savage Sentenced To Death

Drug kingpin Kaboni Savage was convicted of 12 murders in aid of racketeering and was sentenced to death by a federal jury. Guilty verdicts were returned on May 13, 2013 against Savage and his co-defendants. The jury found that Savage participated in or ordered the murders of 12 people, including six members of a federal witness's family. Savage was in prison awaiting trial for drug trafficking in October 2004 when he ordered Lamont Lewis and Robert Merritt to firebomb the home of his co-defendant Eugene

Coleman. The jury convicted Savage of all charges and found that Merritt had participated in the firebombing along with Savage's sister, Kidada, who had relayed the murder instructions to Lewis. A fourth trial defendant, Steven Northington, was convicted of two murders in aid of racketeering. He, Merritt and Kidada will receive automatic life sentences.

On May 31st, the jury that convicted the four voted in favor of death for Savage. The sentence was then imposed by U.S. District

Court Judge Barclay R. Surrick.

The murder spree charged in this case began in 1998 when Savage shot and killed a man over a parking spot. Savage committed four other murders himself and ordered Lewis to kill one other victim before the Coleman family murders.

Savage is the first defendant in the Eastern District of Pennsylvania to receive a death sentence.

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

The success of our criminal justice system depends on a fair and honest search for the truth. Part of that process includes a criminal defendant exercising his constitutional right "to be confronted with the witnesses against him" at trial. However, when criminals use threats, force, and acts of violence, including murder, to intimidate witnesses and prevent them from testifying, prosecutors are severely hampered in their ability to achieve justice and the system breaks down. In such instances, although serious crimes have occurred, prosecutors may be unable to obtain sufficient evidence to charge or convict the perpetrator. When our criminal investigations and cases fail because of witness intimidation, it further feeds the "don't snitch" culture in some of our most crime-plagued neighborhoods, and we fail to satisfy the public's basic need for safe communities.

Although witness protection and witness relocation programs are often useful tools for protecting witnesses, they have limitations, including that some witnesses may view the conditions of witness protection as an incredible burden. The Department of Justice will often aggressively use criminal statutes relating to witness intimidation, witness tampering, and violent crime to investigate and prosecute those who seek to thwart the justice system by playing unfairly.

Recently, a federal jury in the Eastern District returned a death penalty verdict against Kaboni Savage for committing 12 murders, seven of which were acts of witness intimidation, and all of which were related to the operation of the Kaboni Savage Drug Organization. In late February 2004, Kaboni Savage ordered his criminal associates to murder a state witness who was prepared to testify as the only eyewitness against him in a murder trial. As a result, Savage was acquitted of the murder in state court. Later that year, on October 9, 2004, Kaboni Savage's criminal associates carried out Savage's order to firebomb the home of the mother of Eugene Coleman, a federal cooperating witness who was scheduled to testify against Savage and members of his drug organization in federal court. The firebombing killed six people, including four children, but it did not deter Coleman from testifying against Savage in his federal drug case, which resulted in Savage receiving a 30-year prison sentence. However, this office recognized that more needed to be done to punish the murderers and convey the important message to the public that the justice system will not tolerate witness intimidation. Thanks to the dedicated investigative efforts of the FBI and the Philadelphia Police Department, federal prosecutors in my office were able to charge Kaboni Savage and members of his drug organizations for the murders for which Kaboni Savage has been sentenced to death. His sister, Kidada Savage, Steven Northington, and Robert Merritt now stand convicted, facing mandatory life sentences.

While the Savage case presents an extreme example of witness intimidation, this office continues to investigate and successfully prosecute witness intimidation cases involving non-murderous acts of violence, threats (actual and implied), force, and bribes to prevent honest testimony. Since most people do not volunteer to become witnesses in criminal cases, we prosecute witness intimidation cases as part of our duty to protect and honor a witness' critical role in the criminal justice system. Every witness deserves nothing less for helping this office in its search for the truth and its unending effort to keep our streets safe.

-Zane David Memeger

Doctor Convicted In Deadly Pill Mill Case

In June, 74-year old Norman Werther, a Montgomery County doctor, was convicted of more than 300 counts stemming from a pill mill case, including distribution of a controlled substance resulting in death. He faces a mandatory 20 years and maximum sentence of life in prison. Werther was part of a multi-million dollar drug conspiracy involving illegal prescriptions, phony patients, and multiple drug trafficking organizations. Werther was running a physical therapy and rehabilitation practice when he conspired with six separate groups of drug dealers dispensing more than 700,000 pills containing oxycodone. One of Werther's phony patients died from the oxycodone that Werther prescribed for no legitimate medical purpose.

Also in June, Eugene Goldman, M.D., was convicted on one count of conspiring to violate the anti-kickback statute and four counts of violating the anti-kickback statute in relation to his role in a kickback scheme arising from his employment as the Medical Director at Home Care Hospice Inc. (HCH). Sentencing is scheduled for September. Between December 2000 and July 2011, Goldman served as the medical director for HCH and regularly referred Medicare or Medicaid patient beneficiaries to HCH. HCH was a for-profit business in Philadelphia that provided hospice services for patients at nursing homes, hospitals and private residences. Goldman received more than \$263,000 in illegal payments for patient referrals.

MORTGAGE FRAUD

In April, 12 people were charged in a mortgage fraud scheme that involved fraudulent documents and inflated purchase prices on loan documents for more than 100 Philadelphia properties, and resulted in more than \$20 million in fraudulent loan proceeds. At the center of the alleged conspiracy is KREW Settlement Services, a Philadelphia real estate settlement company. The indictment also seeks the criminal forfeiture of over \$13.7 million from the defendants.

In May, Joel Tillett, the former general manager of a now-defunct Allentown mortgage loan origination company, pleaded guilty to a fraud scheme that caused mortgage lending businesses to issue millions of dollars worth of loans that were based on false information. Tillett was indicted earlier in the month with five former employees of Madison Funding, Inc.

Robert Coyle, Sr. was sentenced in May to 72 months in prison for engineering a loan fraud scheme that attempted to swindle more than \$10 million from three banks. Coyle owned and/or rented more than 300 properties in Philadelphia and operated a real estate business. He borrowed millions pledging properties that he had not right to pledge. Coyle had entered into various ownership agreements, including rent-to-own, with the occupants of several of the properties and he, therefore, did not hold good title for all of the properties he pledged. He was ordered to pay \$6,480,302.65 in restitution.

AMBULANCE FRAUD

This quarter, several defendants were charged with, sentenced for, or pleaded guilty to separate fraud schemes involving unnecessary ambulance services.

In May, William Hlushmanuk was sentenced to 92 months in prison for bilking Medicare of \$5.4 million between May 2006 and April 2011 for unnecessary ambulance services. At the time, Hlushmanuk was barred from owning an ambulance company. He was ordered to pay \$5.4 million in restitution.

Feda Kuran, operator of Brotherly Love Ambulance, pleaded guilty in April to a health care fraud scheme that involved billing Medicare for ambulance services that were not medically necessary, were not actually provided, or were induced by illegal kickbacks. The Medicare program paid more than \$2 million for the fraudulent bills. Kuran's sentencing is scheduled for July 24, 2013.

Also in April, MedEx Ambulance, Inc., located in Feasterville, PA, and Aleksandr N. Zagrodny and Sergey Zagorodny, pleaded guilty to a similar scheme in which they billed Medicare more than \$2.5 million for ambulance services that weren't necessary.

Penn Choice Ambulance Inc., operating from Philadelphia, PA, Huntington Valley, PA, and Camp Hill, PA, its owner, Anna Mudrova, and operators Yury Gerasyuk, Mikhail Vasserman, Irina Vasserman, Aleksandr Vasserman, Valeriy Davydchik, and Khusen Akhmedov, were charged in April in a scheme involving fraudulent claims for unnecessary ambulance services. The Medicare program lost more than \$1.5 million.

CIVIL SETTLEMENTS

New Rich City Trading Corporation was ordered, in June, to stop selling food from its Philadelphia food warehouse due to unsanitary conditions and violations of the Food Drug and Cosmetic Act. The unsanitary conditions included the widespread presence of rodents, birds, cats, and dogs, and animal feces, throughout the facility, and around food. The defendants entered into a consent decree requiring that they implement a sanitation control program developed by an expert, recall and destroy adulterated food, and undergo periodic inspections by an independent auditor who shall report findings to the FDA. A future violation could

result in a shutdown of the facility.

SugarHouse HSP Gaming, LP, has agreed to pay the United States \$650,000 to resolve claims that it performed unauthorized work at the SugarHouse casino and entertainment complex along the Delaware River. An investigation revealed that dredged and/or fill material was discharged into the river without a permit and in violation of the Clean Water Act and the Rivers and Harbors Act.



CRIMEBUSTERS: HUD-OIG

An interview with Special Agent-in-Charge Joseph Clarke of the Department of Housing and Urban Development (HUD) Office of Inspector General (OIG):

-What is the mission of HUD-OIG? The Office of Inspector General (OIG) for the U.S. Department of Housing and Urban Development (HUD) promotes economy, efficiency, and effectiveness in the administration of the HUD programs and operations. As part of HUD's primary mission to create strong, sustainable, inclusive communities and quality, affordable homes for all; we conduct and supervise independent audits, fraud reviews, evaluations, and civil and criminal investigations to prevent and detect fraud, waste, and abuse in HUD programs and operations. We protect the integrity of taxpayer funds intended for Americans with the greatest need for decent, safe and affordable housing ensuring the HUD funds are used for the intended purposes by investigating and prosecuting those who abuse and/or misuse the program funds.

-What types of crimes or civil remedies does the (agency) pursue that the general public might not know? A key area of investigative activity for HUD- OIG is mortgage fraud. In one case, nine individuals at a large bank pled guilty to conspiracy to submit false statements in loan applications to the Federal Housing Administration (FHA). The case involved approximately 1,900 FHA loans with a potential loss to FHA of \$30 million. HUD-OIG also works with HUD to pursue administrative remedies against violators. These remedies include suspensions and debarments from doing business with HUD and the federal government. In 2012, in a coordinated effort, we worked collaboratively with HUD, DOJ, and other federal and state partners to achieve a historic result with a national mortgage settlement of more than \$25 billion – the largest consumer financial protection settlement in U.S. history to date. We are building on that success and have undertaken an initiative to review fraudulent loan originations made by some of the nation's largest mortgage companies originating FHA insured loans.

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-How does the general public reach the agency if they have a question or they want to report an activity for investigation? Through our website at: www.hudoig.gov.

Outreach This Quarter

Since its initial public introduction on January 29th, the documentary "Pull of Gravity" has been screened more than two dozen times at various locations, open to the public, throughout the Eastern District. The documentary profiles three men in different stages of reentering society following their release from prison. Screenings have been held as far away as Minnesota and have included government and other public officials. For information about the project and upcoming screenings, visit the documentary's website: www.pullofgravityfilm.com.

When students from Strawberry Mansion High School began their participation in the Youth Court program last November, their attitudes were mixed. One student commented that she did not like, nor did she trust, lawyers and others seemed uninterested in the process. By March, these same students were holding hearings of school rule violations committed by fellow students acting as judge jury, bailiff, and youth advocate. As a result of their impressive transformation, on June 6, 2013, those same students were invited by members of Philadelphia's City Council to conduct a mock trial so that they could see for themselves how the process worked. Following the hearing, the Council members and their staff listened as the students explained the changes they experienced. One student, who had said she did not trust lawyers, is now considering law school as an option after graduation. Another said she had cut class more than 100 times before joining youth court and that by the Spring she was never missing class. She went from being one of the most disruptive students in the class to being one of the youth court leaders. Yet another student said she learned that to get respect you have to give respect. The U.S. Attorney's office is working with Gregg Volz to introduce Youth Courts in schools throughout the district as a tool for schools to use in addressing minor disciplinary infractions by students, while getting other students civically engaged. In place of school administrators, youth courts employ student judges and jury members who hear the facts behind an infraction and determine an appropriate consequence for the student defendant. Temple University Law School partnered with Mr. Volz and the U.S. Attorney's Office in the Strawberry Mansion Youth Court, with law students lending guidance and supervision.

In other activity in the city's Strawberry Mansion section, members of the U.S. Attorney's Office have been volunteering their time and muscle in a beautification project that includes a community garden. On June 8, 2013, U.S. Attorney Zane David Memeger and members of his staff returned for a second day of community gardening. The end goal is for the high school to develop a culinary arts program which will incorporate the produce grown in the community garden. More information about the effort and its progress can be viewed on 6ABC's website: <http://abclocal.go.com/wpvi/video?id=9132305>



CRIME & PUNISHMENT:



CHARGED:

April 2013:

Lamont Lucas was charged with sexual abuse of a ward, providing contraband in a prison, and instigating or assisting an attempted escape, while working as a guard at the Federal Detention Center in Philadelphia. If convicted, Lucas faces a maximum possible sentence of 25 years in prison.

May 2013:

Christian Dior Womack and Rashidah Brice were charged with sex trafficking females for prostitution. They allegedly recruited young females, one of whom was a minor, to work as prostitutes and engaged in acts of physical violence and threats of physical harm to maintain the participation of females in their prostitution business. Each faces a mandatory 15 years in prison if convicted.

June 2013:

David Brister was charged in a counterfeit check scheme that victimized dozens of people across the United States. Brister allegedly teamed up with at least one person to defraud Americans in a series of Internet-based schemes, duping the recipients of counterfeit checks and money orders into depositing the items into their bank accounts and wiring money to him. The victims answered internet ads for jobs and were paid in counterfeit checks. Only after wiring the funds to Brister did the victims learn that the checks and money orders were worthless.

CONVICTED:

April 2013:

Lorraine Dispaldo pleaded guilty to charges in a fraud conspiracy and tax charges. Dispaldo, who was an administrative aide to an unnamed Pennsylvania State Representative at the time, helped orchestrate a scheme to

fraudulently receive and misuse Pennsylvania state grant funds awarded to non-profit groups. Sentencing is set for September.

May 2013:

Troy Czukoski, former Principal of the Springton Lake Middle School, pleaded guilty to possessing child pornography. Sentencing is set for August 2013.

Robert Lamar Whitfield, Marlon Graham, Kenneth Parnell, Frank Thompson, and Kareem Long were convicted in a conspiracy to commit an armed home invasion robbery against another drug dealer in Philadelphia. The defendants put in motion a plan to steal cocaine and drug proceeds from someone they believed to be a drug dealer. The plan was thwarted when agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives Violent Crime Task Force moved in to arrest the armed defendants during preparations. Sentencing hearings are scheduled for September.

June 2013:

Aarti Gupte was convicted of all charges for her involvement in a scheme to defraud the Philadelphia Sheriff's Office ("PSO"). The scheme stole funds from the PSO's bank accounts. Sheriff's Sales of real estate generate millions of dollars annually. Co-defendant Richard Bell gave Gupte checks, that should have gone to the Sheriff's Department, to deposit into her company accounts. When Gupte withdrew the proceeds she shared them with her co-defendants. Sentencing is set for September.

SENTENCED:

April 2013:

Grace Marie Perez-Jimenez was sentenced to 28.5 years in prison for kidnapping a 14 year-old child for ransom over a drug debt. Perez sold "crack" cocaine to a

Reading resident. When the drug customer failed to pay her \$500, Perez abducted the person's child. After a second ransom payment and hours of psychological torture, the child was released with the threat that Perez would kill the victim and the family if anyone was told the identity of the kidnapers.

Daniel F. Dangler was sentenced to three months in jail followed by seven months of home confinement for aiming the beam of a laser at a Philadelphia television news helicopter on July 18, 2012. A laser beam can cause retina damage to the pilot. The FAA also has a civil case pending against Dangler in which Dangler could be fined up to \$11,000.

May 2013:

William Kevin Kelly was sentenced to 60 months in prison for a real estate scam that victimized clients and investors in the Lancaster area. Kelly's victims believed they were investing through his businesses - HomeLynx, Bantry Property Solutions, Multi County Properties, and For Sale by Seller Plus. Kelly took their money and spent it for personal purposes. He scammed at least 40 clients of over \$718,700.

Former Philadelphia city employee John D. McDaniel was sentenced to 12 months for stealing \$100,000 from a campaign/political committee. McDaniel was Treasurer of a campaign/political committee for a Philadelphia Councilperson. He routinely withdrew funds from the committee account and used them for his own purposes and other purposes. He concealed the theft by filing false and incomplete campaign finance reports.

June 2013:

Patricia Fountain, a former IRS employee, was sentenced to 19 years for a series of tax refund schemes that defrauded the U.S. Government. Fountain and her co-defendants were convicted in March of multiple counts of conspiracy and filing false claims/tax returns to the IRS. Fountain was also convicted of extortion under color of official right. Collectively, the defendants' schemes cost the IRS well over \$3 million.

David Husmann was sentenced to 20 years in prison for possessing and distributing child pornography while on supervised release for possession of child pornography. After his release from federal prison, and while still on supervised release, Husmann continued his crimes against children by trading and collecting the images and videos of children being sexually exploited that led to his conviction in this case. Husmann was on supervised release from a 2005 conviction when his probation officer made an unannounced visit to the home of Husmann's mother, where he was living at the time. Upon entering Husmann's basement bedroom, the probation officer found Husmann in the act of viewing child erotica.

Sidenote:

You can find press releases about the cases we charge on our website:

www.justice.gov/usao/pae