

Outside



Informer

Newsletter of the U.S. Attorney's Office
Eastern District of Tennessee

Volume 1, Issue 1
May 2013

NEWS FROM U.S ATTORNEY WILLIAM C. "BILL" KILLIAN



On behalf of the Department of Justice, I would like to welcome you to read about the news and accomplishments of the United States Attorney's Office for the Eastern District of Tennessee. We have also included contact information, in case you need or want further information. We are proud of our continued cooperation with the various local, county, state and federal agencies in addressing the federal criminal law violations, and in recovering the monies owed to our country. In a continuing effort to inform the public of our efforts on behalf of the citizens, we will periodically publish this newsletter. It will keep you informed of our significant developments and provide you with the avenues to access further information, should you need it.

Do not hesitate to contact us, for we serve you, the people of the United States of America.

Bill

Key USAO Staff

William C. "Bill" Killian
U.S. Attorney

Nancy Stallard Harr
First Assistant U.S. Attorney

Steven H-Cook
Criminal Chief

Suzanne Bauknight
Civil Chief

David Jennings
Supervisory AUSA
OCDEF and Violent Crime
Knoxville

Charles E. Atchley, Jr.
Supervisory AUSA
White Collar Crime
Knoxville

Robert Reeves
Supervisory AUSA
Greeneville Branch Office

Scott Winne
Supervisory AUSA
Chattanooga Branch Office

Jane Archer
Administrative Officer
Knoxville

Sharry Dedman-Beard
Law Enforcement Coordinator
Public Information Officer

SPOTLIGHT ON JUSTICE 101



What is the difference between the U.S. Attorney's Office and the state prosecutor's office?

The U.S. Attorney's Office represents the United States in federal cases, meaning they arise from federal law created by Congress. These cases are heard in federal courthouses throughout the country. State and local prosecutors, by contrast, represent the state for cases arising under state law, created by each state legislature. Occasionally, federal and state law may overlap in a certain area, allowing both federal and state prosecutors to pursue the case.

What is the mission of the U.S Attorney's Office for the Eastern District of Tennessee?

The mission of the United States Attorney's Office for the Eastern District of Tennessee is to enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to ensure the fair and impartial administration of justice for the people of East Tennessee; and, to serve as effective financial stewards for the American people, by defending the financial interests of, and collecting debts owed to, the United States.

What Does the U.S. Attorney's Office Do?

We represent the interests of the United States, both criminally and civilly, in federal court. It is our responsibility to enforce federal criminal laws. We work to prevent terrorism and promote the nation's security. We are committed to preventing crime, enforcing federal laws, and representing the rights and interests of the American people. We strive to ensure the fair and efficient administration of justice for all Americans.

We prosecute those individuals and organizations that violate federal criminal statutes. We work with a multitude of federal, state, and local agencies, including the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), the Bureau of Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), the U.S. Forest Service, the U.S. Park Service, the U.S. Marshal's Service, the U.S. Postal Inspection Service, the U.S. Secret Service, the Tennessee Bureau of Investigation (TBI), The Tennessee Highway Patrol, the Tennessee Methamphetamine Task Force, 15 Tennessee District Attorneys Generals, 11 Tennessee Judicial District Drug Task Forces, 41 County Sheriff's offices, and 117 Chiefs of Police and their departments. We prosecute a wide-variety of offenses including domestic and foreign terrorism; child pornography and exploitation; civil rights violations; bank robbery and other violent crimes; firearms offenses; drug trafficking; health care fraud; immigration violations; public corruption; tax evasion; mail, bank and wire fraud; environmental offenses; and identity theft.

We also represent the United States in civil litigation, affirmatively and defensively. As such, we sue individuals or entities who have violated federal civil laws. We also defend the interests of the United States when it, or one of its departments, agencies, or employees is sued, and we defend federal programs and agency actions.

We collect monies owed to the United States from forfeiture, restitution, and fines imposed as a part of the judgment in federal cases. We also pursue collection of civil debts owed to the United States, including student, small business, housing, and farm loans. Finally, we represent the interests of federal agencies in bankruptcy court.

COMMUNITY OUTREACH EFFORTS

We enforce all laws regardless of the religion, ethnicity, or sexual orientation or identity of the victims. To instill a sense of trust in our justice system, our office, along with the FBI, has an Arab-American and Muslim Outreach Program as well as outreach efforts to other minority groups throughout the District.

If you would like to request someone from the United States Attorney's Office to speak to your organization about the overall mission and functions of the United States Attorney's Office or a specific program or initiative, please contact our Knoxville Headquarters office by phone at 865-545-4167 or send an e-mail to usatne.webmaster@usdoj.gov.

In the past year, U.S. Attorney Killian has participated in many community outreach events. A few of these are highlighted below.



U.S. Attorney Killian addresses questions and concerns of members of the Bismillahir Rahmanir Rahim Muslim Community of Northeast Tennessee



U.S. ATTORNEY WILLIAM C. KILLIAN GIVES
KEYNOTE ADDRESS AT GRAND OPENING
CEREMONY OF THE
CHATTANOOGA ISLAMIC CENTER



Presentation to The Beck Cultural Exchange Center Knoxville

of an author-signed copy of the book, *A Mission From God*, written by James Meredith, the first African-American admitted to the University of Mississippi, an event that was a flashpoint in the American civil rights movement.



Picture from left: William C. Killian, U.S. Attorney, Eastern District of Tennessee; Sheryl Rollins, President, NAACP, Knoxville Chapter; and Kenneth L. Moore, Special Agent in Charge, FBI, Knoxville Division.

U.S. Attorney Speaks About Department Reentry Programs



U.S. Attorney Bill Killian spoke to the Board of Directors of Project 2000, Inc., a non-profit corporation chartered in the State of Tennessee which established the first recycling program in public housing in the United States in the 1990s. Project 2000, Inc., has now begun a reentry program of recycling lives by assisting the transition of individuals recently released from prison back into society.

CIVILITY & DIVERSITY IN EAST TENNESSEE



LAW DAY 2013

U.S. Attorney for East Tennessee William “Bill” Killian talks about the pursuit of justice. Killian was invited by the Bradley County Bar Association to be the guest speaker for Law Day in the Bradley County Courthouse.

Read more: [Cleveland Daily Banner - 'Justice for All' the key value defining U S .](#)



RECENT CASES OF INTEREST

FORTY-TWO INDICTED ON CHARGES RELATING TO MANUFACTURE AND DISTRIBUTION OF METHAMPHETAMINE IN ANDERSON COUNTY



KNOXVILLE, Tenn. – On Mar. 19, 2013, 42 individuals, many of whom reside in Anderson County, were indicted by a federal grand jury for various charges relating to the manufacture and distribution of methamphetamine.

In addition to manufacturing and distributing methamphetamine, the charges also include: conspiracy to manufacture and distribute methamphetamine; possessing equipment, chemicals, products and materials which may be used to manufacture methamphetamine, knowing that the equipment, chemicals, products and materials would be used to manufacture methamphetamine; maintaining residences, one of which was less than 1000 feet away from an elementary school, for the purpose of manufacturing methamphetamine; and federal firearms offenses, including two for using firearms in furtherance of a drug trafficking crime and one for being a felon in possession of a firearm.

If convicted, the conspiracy charge, for which all are charged in the indictment, is punishable by no less than 10 years and up to life in prison, a fine of up to \$10 million, and a term of supervised release of no less than five years.

The investigation leading to this indictment was a joint effort between the Drug Enforcement Administration, Tennessee Bureau Investigation, Tennessee Methamphetamine and Pharmaceutical Drug Task Force, Anderson County Sheriff's Office, Knox County Sheriff's Office, Knoxville Police Department, Oak Ridge Police Department, the Seventh Judicial Crime Task Force, and the Clinton Police Department.



Pictured above: Lake City Police Chief Jim Shetterly, Clinton Police Chief Rick Scarbrough, Meth & Pharmaceutical Drug Task Force Director Tommy Farmer, Knox County Sheriff's Detective Eddie Biggs, DEA RAC Neil Morgenstern, TBI SAC Mark Gwyn, U.S. Attorney Bill Killian, Anderson County Sheriff Paul White, AUSA Dave Lewen, Oak Ridge Chief James Agaki, Norris Police Chief Danny Humphrey, Oliver Springs Police Chief Kenny Morgan, District Attorney General Dave Clark, and Tennessee Highway Patrol Lieutenant Mike Melhorn.

FORMER SHAW GROUP SAFETY MANAGER AT TVA NUCLEAR SITES SENTENCED TO 78 MONTHS IN PRISON FOR MAJOR FRAUD CASE AGAINST THE UNITED STATES

CHATTANOOGA, Tenn. – On Apr. 11, 2013, Walter Cardin, 55, of Metairie, La., was sentenced to serve 78 months in prison followed by two years of supervised release, by the Honorable Curtis L. Collier, U.S. District Judge. Cardin was convicted at trial in November 2012, after being charged by a federal grand jury with eight counts of major fraud against the Tennessee Valley Authority (TVA), an agency of the United States.

This case was investigated by TVA-OIG. Assistant U.S. Attorneys Perry H. Piper and Gregg L. Sullivan represented the United States at trial.

###

FOURTEEN ARRESTED ON FEDERAL METHAMPHETAMINE CHARGES IN TENNESSEE AND NORTH GEORGIA

CHATTANOOGA, Tenn.--A total of 14 individuals from Eastern Tennessee, Northern Georgia and Western North Carolina have been arrested for various violations of federal drug and firearms laws. All are alleged to be part of a large methamphetamine trafficking organization operating in Tennessee and Georgia. A list of charges and potential penalties for these individuals is attached to this release.

The investigation leading to the indictment and subsequent arrests was conducted by agents of the U.S. Department of Homeland Security, Bureau of Alcohol, Tobacco, Firearms and Explosives, and 10th Judicial District Drug Task Force. Assistant U.S. Attorney Terra Bay will represent the United States at trial.

Members of the public are reminded that these are only charges and that every person is presumed innocent until their guilt has been proven beyond a reasonable doubt.

###

TAMRAL GUZMAN AND BRIAN HATCHER SENTENCED

KNOXVILLE, Tenn.- On Apr. 18, 2013, Tamral S. Guzman, 42, of Blount County, Tenn., was sentenced to serve 258 months in federal prison by the Honorable Thomas A. Varlan, U.S. District Judge for the Eastern District of Tennessee. This sentence was the result of her August 2012 trial conviction of multiple drug, money laundering and structuring offenses, contained in a 57-count indictment, as well as her guilty plea in January 2013 to a charge of failure to appear.

Guzman was also ordered to forfeit all proceeds of her crimes, including three houses, a fishing boat, and more than \$197,000 that had been seized by federal authorities following her arrest. The court also entered a money judgment of more than \$2.5 million against Guzman, representing additional funds subject to forfeiture as a result of her crimes.

Guzman's criminal conviction came as a result of her operating Maryville Pain Management from August 2008 until it was closed by federal authorities in December 2010. During the sentencing hearing, the court heard testimony that customers seeking prescriptions for drugs visited the pain clinic on more than 11,000 occasions while it was open.

Brian Hatcher, 33, also of Blount County, was also sentenced on Apr. 18, 2013, to serve 130 months in prison for assisting Guzman in her failure to appear and for intimidation of a witness. In October 2012, prior to the conclusion of Guzman's trial, Hatcher and Guzman fled to Hollywood, Fla., where they lived for approximately one month before being apprehended by the U.S. Marshals Service agents on October 31, 2012.

The conviction of Guzman and Hatcher came as a result of a joint investigation by the Internal Revenue Service - Criminal Investigation, Drug Enforcement Administration, and Blount County 5th Judicial Drug Task Force. Assistant U.S. Attorneys Jennifer Kolman and Frank M. Dale, Jr. represented the United States.

**LESLIE ASHMORE SENTENCED TO 240 MONTHS IN PRISON FOR BEING
A FELON IN POSSESSION OF A FIREARM**

GREENEVILLE, Tenn. – On Apr. 30, 2013, Leslie H. Ashmore, 46, of Kingsport, Tenn., was sentenced to serve 240 months in prison, by the Honorable Leon Jordan, U.S. District Judge. Upon his release from prison, he will be subject to supervised release for five years. There is no parole in the federal system. Following a jury trial in December 2012, Ashmore was convicted of possession of a firearm after having been previously convicted of a felony offense.

The investigation was conducted by the Kingsport Police Department, Second Judicial District Drug Task Force, and ATF. Assistant U.S. Attorneys J. Gregory Bowman and Suzanne Kerney-Quillen represented the United States.

This case was brought as part of Project Safe Neighborhoods (PSN), a comprehensive national strategy that creates local partnerships with law enforcement agencies to effectively enforce existing gun laws. It provides more options to prosecutors, allowing them to utilize local, state, and federal laws to ensure that criminals who commit gun crime face tough sentences. PSN gives each federal district the flexibility it needs to focus on individual challenges that a specific community faces.

###

**JIMMY ROLLINS SENTENCED TO 300 MONTHS IN PRISON FOR PRODUCTION OF CHILD
PORNOGRAPHY**

CHATTANOOGA, Tenn. – Jimmy Rollins, 45, of Palmer, Tenn., was sentenced to serve 300 months in federal prison, five years supervised release and a \$100 special assessment, by the Honorable Harry S. Mattice, Jr., U.S. District Judge. Rollins pleaded guilty in February 2013 to production of child pornography.

In February 2012, an undercover investigation by the Winchester Police Department identified Rollins as a person who used the internet to traffic in pornographic images of children. A search of his home in May 2012 revealed equipment used in the production of child pornography and multiple photographic images and videos of Rollins engaged in sexual activity with a known minor. All the child pornographic scenes were set in a bedroom that can be recognized as belonging to Rollins. Rollins had been previously convicted in 1994 of two counts of statutory rape in the Criminal Circuit Court of Grundy County, Tenn.

The indictment and subsequent conviction of Rollins was the result of an investigation conducted by the Winchester Police Department, Tennessee Bureau of Investigation and Federal Bureau of Investigation. Assistant U.S. Attorney John P. MacCoon represented the United States.

This case was brought as part of Project Safe Childhood (PSC), a nationwide initiative launched in May 2006 by the Department of Justice to combat the growing epidemic of child sexual exploitation and abuse. Led by the U.S. Attorneys' Offices and the Criminal Division's Child Exploitation and Obscenity Section, PSC marshals federal, state, and local resources to locate, apprehend, and prosecute individuals who sexually exploit children, and to identify and rescue victims. For more information about PSC, please visit www.usdoj.gov/psc. For more information about internet safety education, please visit www.usdoj.gov/psc and click on the tab "resources."

**GRACE HEALTHCARE AND GRACE ANCILLARY SERVICES AGREE TO PAY
UNITED STATES AND STATE OF TENNESSEE \$2.7 MILLION
TO RESOLVE FALSE CLAIMS ALLEGATIONS**

Government Alleges Companies Billed for Medically Unnecessary Therapy

Chattanooga based nursing home chain Grace Healthcare LLC and its affiliate, Grace Ancillary Services LLC (collectively, Grace), have agreed to pay \$2.7 million, plus interest, to resolve allegations that they violated the False Claims Act by knowingly submitting or causing the submission to the Medicare and TennCare/Medicaid programs of false claims for medically unreasonable and unnecessary rehabilitation therapy. Grace Ancillary Services LLC provided the therapy in some of the skilled nursing facilities Grace Healthcare LLC owns and/or manages in Tennessee and elsewhere.

According to the settlement agreement, federal and state investigators alleged that from 2007 through June 2011, Grace pressured physical, occupational and speech therapy staff in at least 10 nursing home facilities owned or managed by Grace to increase the amount of therapy provided to patients in order to meet targets for Medicare revenue that were set without regard to patients' individual therapy needs and could only be achieved by billing for a large amount of therapy per patient. As part of the settlement, Grace has agreed to enter into a Corporate Integrity Agreement with the Inspector General of the Department of Health and Human Services that provides for procedures and reviews to be put in place to monitor and ensure Grace's compliance with federal health care benefit program requirements.

U.S. Attorney Killian noted that this settlement resulted from a joint, comprehensive investigation conducted by the Department of Justice and Tennessee Attorney General's Office in cooperation with the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG) and the Tennessee Bureau of Investigation (TBI), and commended the efforts of all who played a role in the complex investigation, including TBI-Medicaid Fraud Control Unit Special Agent T.J. Battle, HHS-OIG Special Agent Tony Maffei, DOJ Trial Attorney Christelle Klovers, Assistant US. Attorneys Rob McConkey and Betsy Tonkin, HHS-OIG Senior Counsel Tonya Keusseyan, and Assistant Tennessee Attorney General Mary McCullohs. The investigation was prompted by a *qui tam* or whistleblower complaint filed in 2010. After investigators contacted Grace in early 2011 to request information and discuss the allegations, Grace cooperated with the investigation by providing documents as well as other information and making its personnel available for interviews.

To access all press releases, including expanded versions of these, go to our website:

www.usdoj.gov/usao/tne

U. S. ATTORNEY'S OFFICE COLLECTS \$24,837,866.29 RELATED TO CIVIL AND CRIMINAL ACTIONS IN FY 2012

The Eastern District of Tennessee collected \$24,837,866.29 in Fiscal Year (FY) 2012 as a result of fines and penalties, and civil judgments and settlements for healthcare or other financial fraud against the United States. Of this amount, \$2,287,640.79 was collected in criminal actions and \$22,550,225.50 was collected in civil actions. Additionally, the office collected \$7,156,513.00 in criminal and civil forfeitures of property, vehicles and other items used in the commission of crimes.

Nationwide, the U.S. Attorneys' offices collected \$13.1 billion in criminal and civil actions during FY 2012, more than doubling the \$6.5 billion collected in FY 2011. A portion of this amount, \$5.3 billion, was collected in shared cases in which one or more U.S. Attorneys' offices or department litigating divisions were also involved. The \$13.1 billion represents more than six times the appropriated budget of the combined 94 offices for FY 2012.

In September 2012 the Eastern District of Tennessee recovered \$16.5 million from HCA Inc. in settlement of alleged violations of the Ethics in Patient Referrals Act (a.k.a. the Stark law) and the False Claims Act. The settlement concerned allegations that certain of HCA's financial arrangements relating to its subsidiaries Parkridge Medical Center, Inc., and HCA Physician Services violated the Ethics in Patient Referrals Act and the Anti-Kickback Statute – laws designed to protect patients as well as the integrity of government-funded health care benefit programs such as Medicare, Medicaid, TRICARE, and TennCare.

The U.S. Attorneys' offices, along with the department's litigating divisions, are responsible for enforcing and collecting civil and criminal debts owed to the U.S. and criminal debts owed to federal crime victims. Statistics indicate that the total amount collected in criminal actions totaled \$3.035 billion in restitution, criminal fines, and felony assessments. The law requires defendants to pay restitution to victims of certain federal crimes who have suffered a physical injury or financial loss. While restitution is paid directly to the victim, criminal fines and felony assessments are paid to the department's Crime Victims' Fund, which distributes the funds to state victim compensation and victim assistance programs.

The statistics also indicate that \$10.12 billion was collected by the U.S. Attorneys' offices in individually and jointly handled civil actions. The largest civil collections were from affirmative civil enforcement cases, in which the United States recovered government money lost to fraud or other misconduct or collected fines imposed on individuals and/or corporations for violations of federal health, safety, civil rights or environmental laws. In addition, civil debts were collected on behalf of several federal agencies, including the U.S. Department of Housing and Urban Development, Health and Human Services, Internal Revenue Service, and Small Business Administration.

Additionally, the U.S. Attorneys' offices, working with partner agencies and divisions, collected \$4.389 billion in asset forfeiture actions in FY 2012. Forfeited assets are deposited into the Department of Justice Assets Forfeiture Fund and Department of Treasury Forfeiture Fund and are used to restore funds to crime victims and for a variety of law enforcement purposes.

The \$13.16 billion collected nationwide by the U.S. Attorneys' offices for FY 2012 nearly matches the \$13.18 billion collected in FY 2010 and FY 2011 combined.

For further information, the United States Attorneys' Annual Statistical Reports can be found on the internet at http://www.justice.gov/usao/reading_room/foiamanuals.html

LECC INFORMATION

Gatlinburg Law Enforcement Conference

Law Enforcement Coordinating Committees (LECCs) were established in 1981 in all of the 94 United States Attorney's Offices by order of the Attorney General. The LECCs provide a means to coordinate and network for all local, state and federal law enforcement agencies.

In East Tennessee the LECC provides a multitude of training opportunities for our law enforcement partners and shares federal grant solicitations with law enforcement, state and local governments, and community organizations. Each year the LECC in our District trains thousands of individuals and brings together law enforcement professionals to keep working relationships strong.

For the first time in 15 years, we were not able to hold the Gatlinburg Law Enforcement Conference due to federal budget issues associated with sequestration. Hopefully, we'll be back next year!

###

BJA Bullet Proof Vest Partnership

BJA is currently taking applications for the Bullet Proof Vest (BVP) Partnership Program. **The application is due by May 20, 2013, and they are very firm on this date:** Use this email address to access the information: https://www.bja.gov/ProgramDetails.aspx?Program_ID=82

Through the BVP Program, states, units of local government, and tribal governments are reimbursed for up to 50 percent of the cost of each unit of eligible body armor purchased for law enforcement officers. Under current legislation, jurisdictions with fewer than 100,000 residents receive priority funding, up to 50 percent of the amount they request. Any remaining funds are distributed on a pro rata basis to jurisdictions with more than 100,000 residents. In order to qualify for this reimbursement, body armor must comply with the most current National Institute of Justice (NIJ) body armor standards, as of the date the body armor was ordered. Information pertaining to the current NIJ standards is available online at the following web page: www.ojp.gov/nij/topics/technology/body-armor.

###

LECC Directory

Everyone should have received an updated copy of the LECC Directory. Please remember to keep your information especially your email address updated so we can reach you quickly with important information.

If you have updates, please contact Law Enforcement Coordinator Sharry Dedman-Beard, via email: sharry.dedman-beard@usdoj.gov, or phone: 865-225-1671.

CONTACT US

Knoxville Headquarters

800 Market Street, Suite 211
Knoxville, Tennessee 37902
Phone: 865-545-4167
Fax: 865-545-4176

Chattanooga Branch

1110 Market Street, Suite 301
Chattanooga, TN 37402
Phone: 423-752-5140
Fax: 423-752-5150

Greeneville Branch

220 West Depot St, Suite 423
Greeneville, TN 37743
Phone: 423-639-6759
Fax: 423-639-6451

www.usdoj.gov/usao/tne

CALENDAR

May 2013

13	SOL Meeting	<i>Knoxville USAO</i>
16	Human Trafficking & Civil Rights Task Force	<i>Chattanooga USAO</i>
27	Memorial Day Holiday	

June 2013

6	Regional OCDETF	<i>Knoxville USAO</i>
10	SOL Meeting	<i>Knoxville USAO</i>
20	SARS Review Team	<i>Knoxville USAO</i>
25	East TN Civil Rights WG	<i>Beck Cultural Center</i>
26	East TN Environment Crimes	<i>Chattanooga USAO</i>

July 2013

4	July 4th Holiday	
8	SOL Meeting	<i>Knoxville USAO</i>
18	Federal Chiefs & ATAC	<i>Knoxville USAO</i>

The Eastern District of Tennessee

41 of 95 Counties
2.5 Million Population
Land area: 16,977 sq. miles
15 of 31 State Judicial Districts
5 Interstate Highways

