2016 Annual Report

United States Department of Justice

United States Attorney's Office

Central District of California



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LETTER FROM U.S. ATTORNEY EILEEN M. DECKER



Fifty years ago, in 1966, the United States Congress created the Central District of California by dividing what was then the Southern District into two distinct and separate districts, thereby creating the newly formed Central District of California (CDCA). Shortly thereafter, the Department of Justice created the U.S. Attorney's Office (USAO) for the CDCA. Since its creation, the USAO has marked its existence with landmark cases and legal arguments aimed at protecting the public from criminal schemes and defending the United States when sued. Throughout this time, the CDCA has benefited from employing gifted and talented Assistant United States Attorneys who have served our office with honesty and integrity, and have represented the highest ideals that the Justice Department was established to promote.

Our 50th year was historic. Attorneys in our four litigative divisions continued to advocate in landmark cases, whether it be in areas of criminal law, national security, tax or civil matters. Every case served the highest ideals established by our Department: advancing the cause of justice in every single case regardless of the outcome.

Our primary mission is to represent the United States in court, and in so doing protect and defend the community we represent. This 2016 Annual Report is an effort to summarize some of the many cases we worked on this year. While this report cannot possibly cover all of our significant cases, we hope this report effectively summarizes the great variety of cases handled by our office in 2016, and illustrates the tremendous skills and experience our AUSAs bring to bear on each and every case. While our office has a great legacy of historic cases, never before in our 50 year history has the office worked on such a depth and breath of cases as those reflected in this 2016 Annual Report.

While our attorneys have the great privilege of standing in court and representing the United States of America, we all recognize that we cannot succeed in our efforts without the support of others. First, we cannot succeed without the investigative skills of the law enforcement partners with whom we have the privilege to work every day. Many of these law enforcement agencies are listed in the agency acknowlegement section of this report. Furthermore, we cannot be successful without the great paralegals, legal assistants, and office administrators

who work tirelessly every day to make our work easier. As with all successful endeavors, it takes a strong team to succeed at this mission, and we are all grateful for the USAO team.

In addition to the cases we worked on, to improve our own skills and those of our partners, in 2016 we organized our first symposium for private and public sector representatives on cyber security, our first training for first responders on handling mass casualty events (using our experiences in San Bernardino as a case study), and our first all day training program for all CDCA AUSAs from all four litigative divisions. We also engaged with the community at an unprecendented level. Throughout the year, representatives of the USAO attended, spoke at, or participated in over 200 events throughout our district. AUSAs also serve on the boards or committees associated with over 40 different organizations throughout our district, and teach about 20 different law school classes each year.

Next year promises to be even more successful for our office. In the past 12 months, we have been able to hire 76 new AUSAs. As these new AUSAs complete their background checks and join our office, we will become fully staffed for the first time in many years. We look forward to seeing what all of these new AUSAs will accomplish for our district and for the Department of Justice in the years to come.



EILEEN M. DECKER
United States Attorney
Central District of California

INTRODUCTION

This Annual Report highlights the organization, work, and achievements of the United States Attorney's Office for the Central District of California (also known as the "Office") for calendar year 2016. During this period, the Office was led by United States Attorney Eileen M. Decker.

Our Office

The Central District of California (CDCA) is a sprawling area based in Los Angeles that encompasses seven counties. The Office employs over 280 attorneys who serve the nearly 20 million residents who live within the district's 40,000 square miles. By population served, the Office is the largest United States Attorney's Office in the United States. By number of attorneys, it is the largest United States Attorney's Office outside of the District of Columbia. In terms of significant practice areas, the Office prosecutes the entire range of federal criminal offenses, defends the United States in civil actions, represents government interests in tax and bankruptcy matters, and works on national security matters arising in the district.

Our Community

The CDCA is made up of the seven counties of Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura. With a population of nearly 20 million, it is by far the most populous federal judicial district, with almost twice the population of the next-largest district. The district extends from the Pacific Ocean on the West to the Nevada and Arizona borders on the East, covering over 40,000 square miles. The district includes 35 cities with more than 100,000 residents, and encompasses a cultural diversity virtually unmatched in the nation. It is estimated that over 300 languages are spoken within the CDCA.

Our Accomplishments

In 2016, the Office presented many significant cases on behalf of and defended cases against the United States of America. These cases included a number ground breaking criminal, national security, tax, and civil cases. The specific cases are too many to mention individually, but this report is an effort to summarize many of the matters of particular significance. The Office also participated in a robust community outreach program, with outreach efforts to youth, law enforcement, and the private sector, all in an effort to continue the service we provide to those living, working, and playing in the Central District of California.

OVERVIEW OF CASES

Assaults on Federal Officers

Each day the women and men who serve in law enforcement place their lives on the line to protect the residents of the Central District of California and the nation's critical infrastructure. In 2016 the Office prosecuted significant matters wherein law enforcement officers risked, and in one case lost, their lives in the line of duty.

In United States v. Ciancia, a Sun Valley man pleaded guilty to all charges arising from the 2013 shooting spree at Los Angeles International Airport in which he murdered Transportation Security Administration Officer Gerardo Hernandez. He was sentenced to life in Federal prison, plus 60 years. According to court documents, in early 2013, Ciancia purchased a semiautomatic rifle, 500 rounds of ammunition and 10 magazines for the rifle. Prior to leaving for LAX on November 1, 2013, Ciancia modified two pieces of luggage and zip-tied them together to conceal his loaded rifle. Later that morning, Ciancia entered Terminal Three at LAX, removed the loaded rifle from his modified luggage and fired at and killed Officer Hernandez, who was checking passengers' travel documents as part of his duties as a TSA Officer. Ciancia admitted that he then went upstairs to a TSA checkpoint, where he fired his weapon at TSA Officers Tony Leroy Grigsby and James Maurice Speer, as well as at a civilian, Brian Ludmer. These three victims sustained serious injuries and required surgery, but they survived the attack. Ciancia pleaded guilty to one count of murder of a federal officer; two counts of attempted murder of a federal officer; four counts of violence at an international airport; one count of discharging of a firearm during a crime of violence causing death; and three counts of discharging a firearm during a crime of violence.

In United States v. Smith, a Carson man was found guilty of assaulting a Deputy U.S. Marshal. Keith Leon Smith attempted to run over a U.S. Marshal while evading custody. Smith had previously been in jail on a seven-year term for manufacturing methamphetamine. The Deputy Marshals believed that he violated the terms of his supervised release. When they executed a traffic stop to catch Smith in his vehicle, Smith suddenly accelerated towards one of the Deputy Marshals and continued to accelerate towards him after the Marshal had fallen to the ground. The Deputy Marshal was able to jump out of the way and avoid more serious injuries or death. As a result of this attack on a federal officer who was properly performing his duties, Smith was sentenced to eight years in federal prison.

Appeals

The Civil and Criminal Appellate Sections for the Office litigated critical legal issues for the United States in 2016. Whether protecting criminal convictions in landmark civil rights and gang prosecutions or preserving the rights of the U.S. taxpayers and employees, the work of the appellate sections was indispensable at both the local and national levels.

In United States v. Smith, 831 F.3d 1207 (9th Cir. 2016), following two separate highly publicized trials that spanned a total of two months, juries convicted seven members of the Los Angeles County Sheriff's Department—two lieutenants, two sergeants, and three deputies—of conspiracy, obstruction of justice, and making false statements to law enforcement for their interference with a federal investigation into civil rights abuses in the County's jails. In briefs that totaled nearly 400 pages, the defendants challenged their convictions and sentences on numerous grounds, including that they were entitled to immunity, or, alternatively, favorable jury instructions, because they relied on superior officers' orders when endeavoring to obstruct the investigation. The Ninth Circuit, in a published decision of substantial utility to future obstruction-of-justice and false-statements prosecutions, rejected six separate challenges to the district court's refusal to give the defendants' desired jury instructions, and in an accompanying unpublished decision, rejected their remaining challenges, ultimately concluding that they were fairly tried and convicted.

In United States v. Diaz, 838 F.3d 968 (9th Cir. 2016), following one of the country's largest wiretap investigations and a four-month trial, a jury convicted ten members of the Florencia-13 street gang of racketeering, narcotics, and firearm offenses. In briefs that totaled more than 400 pages, all ten defendants challenged their convictions—including by challenging the wiretap at the center of the government's investigation—while six additionally challenged their sentences. The leader of the gang, who received a mandatory life sentence because he committed his federal offenses after having been convicted previously of two California felony narcotics offenses, separately challenged that life sentence on the ground that—nearly a decade after his federal offenses and four years after his federal sentencing—one of his two prior California felony narcotics convictions had since been redesignated as a misdemeanor pursuant to California Proposition 47. The Ninth Circuit, in an unpublished decision, affirmed all ten defendants' convictions, rejecting their challenge to the wiretap and the six defendants' collective sentencing challenge, and in a published decision that precedentially requires the rejection of claims of numerous defendants—like the gang's leader—who obtained a Proposition 47 redesignation after their federal offenses, held that the relevant date for whether a prior felony drug conviction since redesignated under Proposition 47 may give rise to an enhanced federal sentence is the date that the defendant committed his federal offense.

In Mission Hospital Regional Medical Center v. Sylvia Mathews Burwell, 819 F.3d 1112 (9th Cir. 2016), the Ninth Circuit held that a Medicare-approved acute care hospital that had completed an assets-only purchase of another Medicare approved facility could not bill Medicare for patient services provided by

the acquired facility without having a provider agreement of its own. The decision precluded Mission Hospital (which declined to assume any potential liabilities to Medicare in completing the assets-only purchase) from collecting approximately $7 million for normally Medicare-eligible services provided between the time of purchase and the time Mission Hospital's Laguna Beach campus (formerly the acquired facility) enrolled as a Medicare provider.

In Yu-Ling Teng v. CIS, 820 F.3d 1106 (9th Cir. 2016), the Ninth Circuit affirmed the dismissal of Appellant Teng's petition to require USCIS to amend the erroneous birth date on her naturalization certificate. The Court held that the Immigration Act of 1990 transferred exclusive authority to naturalize persons from the courts to the executive branch, and thereby stripped courts of jurisdiction to modify a naturalization certificate issued by an executive agency. Accordingly, because Teng's naturalization certificate was issued by INS post 1990, the district court did not have jurisdiction to modify Teng's certificate or require CIS to do so.

In Farkas v. Williams et al., 823 F.3d 1212 (9th Cir. 2016), the Ninth Circuit affirmed the district court's dismissal and grant of summary judgment in favor of three Navy employees in this employment-related Bivens action. Farkas, a non-appropriated fund instrumentality employee who worked on a Naval base as a golf pro and golf shop manager, alleged violations of his constitutional rights by three Navy employees who initiated an administrative investigation of Farkas for suspected misappropriation of public funds. In affirming judgment in favor of the Navy employees, the panel concluded that the Civil Service Reform Act precludes employment related Bivens claims brought by NAFI employees because Congress has provided alternative administrative remedies.



In United States v. Alexander, 817 F.3d 1178 (9th Cir. 2016), a number of telemarketers from Canada targeted primarily elderly Americans and Canadians, falsely telling them that they had won a lottery but that a fee was required to collect their supposed winnings. After defrauding their hundreds of victims out of millions of dollars, the telemarketers were indicted and efforts to extradite them from Canada were initiated. The United States' extradition request as to one of the telemarketers took four years and 10 months before it was approved by Canada—partly due to delays caused by Canadian authorities, partly due to delays caused by United States authorities, and partly due to the telemarketer's efforts to fight the extradition. Notwithstanding the telemarketer's own contributions to the delay between his indictment and extradition, he sought dismissal of his charges claiming that the delay violated his Sixth Amendment right to a speedy trial. In rejecting that claim and affirming the telemarketer's convictions in a published decision, the Ninth Circuit held that any delay for which the extraditing country is responsible may not properly be held against the United States and that, notwithstanding the United

States' responsibility for some of the delay it caused itself, it pursued the telemarketer's extradition with sufficient diligence to vindicate his Sixth Amendment speedy trial rights.

In United States v. Nixon, 839 F.3d 885 (9th Cir. 2016), Congress enacted, nearly two years after a marijuana trafficker's conviction for conspiring to distribute over 1,000 kilograms of marijuana and while he was on federal probation, an appropriations rider that, as interpreted by the Ninth Circuit, prohibits the federal government from expending resources to prosecute individuals during the applicable budget years who "strictly" and "fully" comply with "all" state medical marijuana laws. Because the marijuana trafficker wanted to use marijuana himself, he invoked the appropriations rider and asked the district court to modify the terms of his probation so as to exempt him from the federal prohibition on possessing and using marijuana. In affirming the denial of that request, the Ninth Circuit in a published opinion reaffirmed that individuals not in "strict" or "full" compliance with "all" state medical marijuana laws "still face the possibility of prosecution" and that the district court did not err in declining to authorize the marijuana trafficker to commit a federal crime.



In United States v. Zhou, 838 F.3d 1007 (9th Cir. 2016), a so-called "runner" for a fraud ring in the San Gabriel valley used fraudulent credit cards bearing his name but encoded with other individuals' credit card information to steal approximately $150,000 in merchandise from Nordstrom stores in Southern California and a Target store in Colorado. After pleading guilty to credit card fraud "within the Central District of California, and elsewhere" and being ordered to pay restitution to both Nordstrom and Target, the runner challenged (for the first time on appeal) the Target restitution as being outside the scope of the indictment and his guilty plea. In rejecting that challenge, the Ninth Circuit in a published opinion held that the text of the indictment was "broad enough to cover both the Nordstrom charges and the Target charges" and certainly so where the runner did not object to the Target restitution at any time before the district court.



Bank and Mortgage Fraud

Financial institutions are an integral part of our society, as evidenced by the public's reliance on them and our economy's dependence on the proper functioning of these institutions. Therefore, the Office must be diligent in ensuring financial systems are not being compromised either by wrong-doing by the institutions themselves, officers who are abusing their positions, or individuals seeking to fraudulently obtain credit or taking advantage of vulnerable members of our society.

In In re Ally Financial, the Office investigated alleged violations of the Financial Institutions Reform Recovery and Enforcement Act (FIRREA), specifically conduct related to the packaging, securitization, marketing, sale and issuance of 10 subprime residential mortgage backed securities (RMBS) in 2006 and 2007. To resolve the allegations, Ally Financial Inc. agreed to pay the United States a $52 million civil penalty and to immediately discontinue operations of its registered broker-dealer.

In United States v. Lawrence Shaw, following jury trial in 2012, the defendant was convicted of thirteen counts of bank fraud and sentenced to 57 months' imprisonment. In 2016, the defendant challenged his conviction, and Ninth Circuit affirmance, in the United States Supreme Court. The defendant argued that his offense of conviction, 18 U.S.C. § 1344(1), required the government to prove that he had the specific intent to "cheat" the bank, rather than "a non-bank third party," out of property. The Supreme Court heard oral argument in October 2016 and rejected defendant's argument. The Court held that Section 1344(1) covers a scheme to deprive a bank of money in a bank customer's account and that the bank fraud statute does not require either that the victim bank ultimately suffer a financial harm or that the defendant intend such harm.

In United States v. D'Antonio, the defendant pleaded guilty to federal charges related to his role as the owner and operator of a multi-million-dollar fraudulent mortgage modification scheme that posed as a successful law firm to defraud struggling homeowners. Bryan D'Antonio pleaded guilty to one count of conspiracy to commit mail and wire fraud for his role as owner and operator of Rodis Law Group (RLG) and America's Law Group (ALG). D'Antonio admitted that, between October 2008 and June 2009, he participated in a scheme that induced homeowners to pay as much as $5,500 for the services of RLG and its successor entity, ALG. RLG and ALG advertised on radio stations across the country and urging struggling homeowners to call a toll-free number. The companies purportedly consisted of "a team of experienced attorneys" who were "highly skilled in negotiating lower interest rates and even lowering your principal balance." In fact, RLG and ALG were telemarketing operations that never had teams of experienced attorneys. In his plea agreement, D'Antonio admitted that the RLG and ALG schemes fraudulently obtained approximately $9 million from more than 1,500 victims.

In a related matter, United States v. Rodis, a former licensed attorney from Irvine pled guilty to federal charges for his role in a multi-million dollar fraudulent mortgage modification scheme. Ronald Rodis of Irvine, pled guilty to one count of conspiracy to commit mail and wire fraud. Rodis admitted that he

participated in a scheme with several co-conspirators to induce homeowners to pay between $3,500 and $5,500 for the services of the RLG. Rodis and his co-conspirators made numerous misrepresentations regarding the RLG's ability to negotiate loan modifications from the homeowners' mortgage lenders. Rodis admitted that the RLG scheme fraudulently obtained approximately $6 million from more than 1,500 victims.

In another related matter, in United States v. Farris, Charles Wayne Farris of Aliso Viejo pled guilty for his role as a sales manager in a multi-million-dollar fraudulent mortgage modification scheme. Specifically, Farris pled guilty to one count of conspiracy to commit mail and wire fraud and admitted that he participated in a scheme to induce homeowners to pay between $3,500 and $5,500 for the services of the RLG and ALG. In a plea agreement, Farris admitted that the RLG and ALG schemes fraudulently obtained approximately $9 million from more than 1,500 victims.

In United States v. Normandie Casino, the Normandie Casino pled guilty to charges of violating the Bank Secrecy Act and failing to maintain an anti-money laundering program. It was discovered that the bank helped high rollers conceal their winnings from federal reporting requirements by breaking up large winnings into several smaller transactions or by writing down names of "independent gambling promoters," rather than the name of the actual gambler. Current federal law requires casinos to document the name, Social Security numbers, addresses, and taxpayer of any gambler who cashes out over $10,000 in winnings. However, Normandie Casino failed to record information on one gambler with over $1 million in earnings leading to suspicions of money laundering. This investigation and prosecution, one of the first of its kind, resulted in the forced sale of the casino and the payment of over $4 million to state and federal authorities, including nearly $1.4 million in federal criminal forfeiture.

In United States v. Paul Ryan, a former loan officer at Broadway Federal Bank was sentenced to 18 months in federal prison after pleading guilty to receiving bribes and rewards in connection with his duties at the bank. Between 2007 and 2010, Ryan accepted payments in connection with processing and approving loan applications submitted by churches. These loan applications contained false information regarding the financial status of the churches. As a result of Ryan's scheme, the bank suffered losses of at least $4.2 million.

In United States v. Reed, the defendant in this bank fraud case oversaw a scheme in which Wells Fargo Bank employees stole customer account data – information that was used to impersonate customers and steal money from their accounts. Ronald Charles Reed of Inglewood, pled guilty to felony counts of bank fraud and aggravated identity theft. Reed was among eight defendants who were charged in two indictments returned by a federal grand jury. Reed admitted that he worked with former Wells Fargo employees in a scheme that caused Wells Fargo to suffer hundreds of thousands of dollars in losses. In his plea

agreement, Reed agreed to pay nearly $600,000 in restitution.

In United States v. Chung Yu Yeung, aka Louis Yeung, the former vice president of an Ontario-based wholesale tool company was sentenced to 63 months in federal prison for his role in a scheme to defraud East West Bank that resulted in more than $9 million in losses. Yeung pleaded guilty to one count of conspiracy to commit bank fraud and four counts of bank fraud. Yeung, a former vice president of Eastern Tools and Equipment, Inc. (Eastern Tools), admitted that he and his co-conspirators defrauded East West Bank by making material misrepresentations about Eastern Tools' accounts receivable and its financial statements to obtain and maintain a loan with the bank. The conspirators created numerous shell corporations to act as purported suppliers and retailers doing business with Eastern Tools, when, in reality, these shell corporations were entirely under the control of Yeung and existed for the sole purpose of creating the illusion of such business, he admitted. Yeung admitted that in order to further the scheme, he and others opened post office boxes, phone accounts and email accounts purportedly associated with the shell retail companies, and provided information about them to East West Bank auditors, to promote the illusion that these shell customers were independent entities. Eastern Tools defaulted on the loan after East West Bank discovered the fraud, causing more than $9 million in losses to the bank. In addition to the prison term, Yeung was ordered to pay $9,618,908 in restitution and to forfeit a property in San Dimas that was purchased with proceeds of the scheme.

In United States v. Aref Abaji, a federal jury convicted an Orange County man for leading a $21 million "builder bailout" real estate scheme that resulted in the fraudulent purchase of more than 100 condominium units around the country with mortgages that mostly went into default, resulting in foreclosures and millions of dollars in losses. Momoud Aref Abaji was convicted of conspiracy to commit bank fraud and wire fraud, five counts of wire fraud, and two counts of tax evasion. Five of Abaji's co-conspirators were convicted, and one, Wajieh Tbakhi, remains a fugitive. Abaji's fraud cost financial institutions millions of dollars and put taxpayer funds at risk. Abaji and a group of other men tied to Excel Investments and related companies targeted struggling condominium developments, negotiating with developers to buy units in return for "hefty commissions." To pay for the mortgages, authorities say Abaji and the other defendants used straw buyers, false information, and fabricated documents. Based on these false statements, mortgage lenders funded more than $21 million in loans. Many of these loans went into default, and mortgage lenders lost millions after foreclosing on the properties, with current losses estimated at approximately $9 million. The Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae) purchased dozens of these loans on the secondary mortgage market and suffered losses of at least $2.37 million as a result of delinquencies, defaults and foreclosures on the properties.

In United States v. Marquette, an Orange County man who deceived distressed homeowners with false promises that he could help them avoid foreclosure by obtaining modifications to their mortgages – or even completely eliminating their loans – was convicted on federal fraud charges. Antonio Marquette, who went by "Alan Le" and "Anthony Le," of Midway City, were convicted of nine counts of mail fraud, one count of wire fraud, and one count of money laundering. The evidence at trial demonstrated that

Marquette operated Bolsa Marketing Group in Garden Grove in 2010 and 2011 and charged homeowners up to $100,000 in cash for services that the homeowners did not receive. Through Bolsa Marketing, Marquette ran a scheme that targeted distressed homeowners, most of whom were members of Vietnamese communities in Southern California, the Bay Area and Houston, and induced them to pay large up-front fees to obtain mortgage relief services. The evidence proved that Marquette operated the scheme by "falsely promising homeowners mortgage loan modifications that would substantially reduce their mortgage payments, avoid foreclosure, or eliminate their mortgage loans entirely." The trial evidence further showed that Marquette took in more than $1.5 million from victim-homeowners.

In United States v. Robinson, a Long Beach man pleaded guilty to a federal fraud charge related to a long-running mortgage rescue scheme that involved nearly $3 million in illegal fees charged to distressed homeowners and about 200 fraudulent bankruptcy petitions. Karl Robinson operated the foreclosure rescue scheme from 2008 until 2013 under his own name and other names, including "Stay In Your Home Today," "21st Century Development" and "Genesis Ventures Corporation." The businesses provided illegal foreclosure- and eviction-delay services to homeowners who had defaulted on their mortgages. The purpose of the scheme was to obtain money from distressed homeowners, and in exchange Robinson was able to hinder, delay and obstruct lawful foreclosure and eviction actions against property owners who had defaulted on their mortgages. As part of the scheme, Robinson filed bogus grant deeds in county records offices and other fake documents in formal eviction proceedings to make it appear that fictional people held interests in distressed properties. He then fraudulently filed bankruptcy petitions in the names of the fictional people to trigger an "automatic stay" in the bankruptcy cases. The filing of a bankruptcy petition has the effect of suspending all creditor actions, including foreclosure proceedings commenced by mortgage lenders and eviction actions commenced by purchasers of foreclosed properties. Robinson admitted that as part of his scheme he obtained nearly $3 million from distressed homeowners and filed more than 200 fake bankruptcies. As a result of his guilty plea, Robinson was sentenced to four years in federal prison was ordered to pay a $10,000 fine.



In United States v. Aminpour, the former chief marketing officer at Mirae Bank was arrested on federal bank fraud charges that allege he was responsible for the bank issuing $150 million in fraudulent loans – loans that caused the bank to suffer $33 million in losses and were "a significant factor in Mirae Bank's failure as a financial institution in 2009." Ataollah Aminpour was arrested pursuant to an eight-count indictment. Aminpour held himself out as a successful businessman who could help people obtain financing for gas station and car wash businesses with little or no down payment. In some cases,

Aminpour personally identified businesses to be purchased and negotiated a sale price, but he allegedly overstated the actual purchase price to buyers. For these buyers and others whom Aminpour introduced to Mirae Bank, the indictment alleges that Aminpour oversaw the loan process and provided loan officers with information and documentation that contained false facts and figures, including the actual purchase price of the business and the source of the down payment. As a result, Mirae Bank funded inflated loans, with excess funds secretly going to Aminpour, borrowers and/or "hard money lenders" who had surreptitiously provided funds used to make down payments.

In United States v. Nuradin, a Toronto couple who were extradited to the United States were sentenced for their roles in a mass marketing scheme that targeted hundreds of victims across the United States with counterfeit checks that accompanied bogus claims they had been selected to become "secret shoppers" at MoneyGram counters inside Walmart stores. The lead defendant was sentenced to 27 months in federal prison and ordered to pay $110,109 in restitution to 33 victims. Nuradin's wife received a "time served" sentence, which is approximately eight months in custody. The couple and others mailed out hundreds of letters from Toronto to people across the United States that falsely stated they had been selected to act as secret shoppers at Walmart and MoneyGram, according to court documents. The letters included bogus checks that the victims were instructed to deposit to their own bank accounts. The victims were told to immediately wire most of the proceeds of the checks at MoneyGram counters located inside Walmart stores. The balance of the checks would serve as the payment for the secret shoppers.



In United States v. Darbinyan and Hakobyan, two men were charged in a superseding indictment in connection with a bank fraud scheme involving the proceeds of a mass mailing scam targeting holders of U.S. trademarks. Artashes Darbinyan, and Orbel Hakobyan were both charged with one count of conspiracy to commit bank fraud. Darbinyan was also charged with four counts of mail fraud, three counts of aggravated identity theft, two counts of concealment money laundering and one count of bank fraud for a separate scheme. Hakobyan was also charged with one count of bank fraud. According to the superseding indictment, Darbinyan operated and controlled Trademark Compliance Center (TCC) and Trademark Compliance Office (TCO), which offered trademark registration and monitoring services. The superseding indictment alleges that, through TCC and TCO, Darbinyan sent mass solicitations offering, for a fee, trademark registration and monitoring services, services which Darbinyan did not intend to, and did not, provide. To accomplish this scheme, Darbinyan used the names of other persons to open accounts for TCC and TCO at "virtual office centers" (i.e., businesses that offered call answering and mail forwarding services) in the Washington, D.C., and L.A. areas, and directed employees of the Washington, D.C.-area virtual office centers to forward payments from trademark holders to the virtual office centers in the Los Angeles area.

Civil Recovery

The Office's Civil Division protects taxpayers in many ways. For example, in 2016 the Civil Division brought several cases seeking to recover funds from culpable parties to minimize costs to taxpayers, including these actions seeking to recover more than $27.5 million related to damages resulting from forest fires.

United States v. Harris (Briggs Fire) arose out of a fire which ignited on private property in 2010 and spread to the Angeles National Forest, burning 677 acres of federal land. The U.S. Forest Service concluded that the fire was caused by spontaneous combustion of improperly stored hay and organic materials. The government recovered $300,000 – the total amount of the available insurance proceeds – for firefighting costs and environmental damage.

United States v. Southern California Edison (Cottonwood Fire) arose out of a 2009 fire that originated in Riverside County scorching over 2400 acres, including lands within the San Bernardino National Forest. The United States concluded the fire was ignited when Southern California Edison power equipment malfunctioned, causing heated material to ignite dry vegetation on the forest floor. The government obtained $1.55 million dollars to resolve its claims for firefighting costs and environmental damages.



United States v. Southern California Edison (Lookout Fire) arose out of a fire ignited in the Los Padres National forest in Santa Barbara County in 2012. Investigators determined that downed Southern California Edison Power lines caused the fire. The government recovered $725,000.

United States v. Al-Shawaf et al. (Mountain Fire) arose out of a fire which burned for more than two weeks and scorched over 27,500 acres, more than half of which was in the San Bernardino National Forest. The fire started on a property known as Gibraltar West owned by Al-Shawaf and maintained by co-defendants James D. Nowlin and Donna L. Nowlin. This lawsuit seeks nearly $25 million in damages caused by that fire.

Civil Rights

2016 was a ground-breaking year for the Office in the area of civil rights. The Office established a Civil Rights Section in the Civil Division, dramatically increasing the types and number of enforcement matters that can be brought to protect the rights of the residents of the Central District. The Public Corruption and Civil Rights Section in the Criminal Division of the Office brought high-impact prosecutions which not only protected the rights of individuals but also inspired public confidence in the entire criminal justice system.

In United States v. Tanaka, Paul Tanaka, who was the second in command of the Los Angeles Sheriff's Department, was convicted for overseeing the LASD's efforts to derail a federal investigation into corruption and civil rights violations by Sheriff's deputies at two downtown jail complexes. A federal jury found Tanaka guilty of conspiring to obstruct justice and of a substantive count of obstructing justice for his role in hiding an informant from the federal government, tampering with witnesses, and threatening to arrest the Federal Bureau of Investigation's lead agent in an attempt to intimidate her. Tanaka, who was the ninth LASD official convicted in the obstruction of justice conspiracy, was sentenced to a five-year prison term and ordered to pay a $7,500 fine.

In United States v. Brunsting and Branum, two former deputies with the Los Angeles Sheriff's Department were convicted by a jury of conspiring to violate the civil rights of a mentally-ill inmate, using excessive force on the inmate, and writing false reports about the incident. Brunsting and Branum, who were working at the Twin Towers Correctional Facility, led the inmate down a hallway after the inmate showed disrespect to another LASD employee. Once in that hallway, Brunsting, Branum, and other deputies beat, kicked and pepper-sprayed the inmate. To cover up their actions, Brunsting and Branum wrote reports that blamed the inmate for the incident. After the jury trial, Brunsting admitted to abusing a second inmate and writing false reports about that incident as well.

In United States vs. Aguiar et al., two Los Angeles Sheriff deputies were found guilty of falsifying reports related to their assault of an inmate. It was alleged that former Sheriff's deputies Joey Aguiar and Mariano Ramirez violated the civil rights of an inmate when they assaulted him inside the Men's Central Jail, and then lied in the reports they wrote about the incident to justify the force they used. Specifically, the deputies submitted a false report saying that the inmate was beaten only after he had tried to head-butt one of the Sheriff's deputies, and that the inmate was violently trying to kick him. Although the jury was unable to come to a unanimous decision as to whether the deputies had used unlawful force against the inmate, the jury convicted the two former Sheriff's Deputies of trying to cover their actions by lying in the reports they wrote.

Protecting Civil Rights, Especially of our Most Vulnerable Residents, Should Always be a Top Priority.

Following a five-year civil rights investigation, the Superior Court of California for the County of Los Angeles, entered into an agreement with the Office to comprehensively address the needs of limited English proficient litigants in civil matters. The agreement, among other things, includes a commitment to provide free, certified court interpreters for limited English proficient litigants in all civil matters by December 1, 2017. Prior to this investigation, the Superior Court policy only provided for interpreters in very limited civil matters. As a result of the investigation, the Superior Court made significant strides in addressing the language needs of one of the most populous and linguistically diverse counties in the country by adding new signage, translating court documents, and expanding interpreter services to critical areas such as family law, unlawful detainer, civil harassment, probate, and small claims.

In United States v. Toyota Motor Credit Corp., the Office entered into a settlement to resolve allegations that Toyota Motor Credit Corporation (Toyota) engaged in a pattern or practice of discrimination against African-American and Asian/Pacific Islander borrowers in auto lending. Toyota, based in Torrance, California, is the nation's largest captive auto lender, and the fifth largest auto lender overall. The settlement provides $19.9 million in compensation for borrowers who obtained loans between 2011 and 2016 and paid a higher markup based on the discrimination. Additionally, Toyota agreed to pay up to $2 million to African-American and Asian/Pacific Islander borrowers with markup disparities while Toyota implements its new policies. This settlement resolves claims that Toyota violated the Equal Credit Opportunity Act (ECOA) by charging thousands of African-American and Asian/Pacific Islander borrowers higher interest rates than non-Hispanic white borrowers, and not because of the borrowers' creditworthiness or other objective criteria related to borrower risk. The complaint alleged that the victims of this discrimination were each obligated to pay between $100 to $200 more during the term of the loan because of discrimination.

In United States v. Wells Fargo Bank, N.A., d/b/a Wells Fargo Dealer Services, Inc., Wells Fargo Bank agreed to change its policies and pay over $4.1 million to resolve allegations that it violated the Servicemembers Civil Relief Act (SCRA) by repossessing 413 cars owned by protected servicemembers without obtaining a court order. The Department of Justice launched an investigation after it received a complaint in March 2015 from the U.S. Army's Legal Assistance Program alleging that Wells Fargo had repossessed an Army National Guardsman's car in Hendersonville, North Carolina, while he was preparing to deploy to Afghanistan to fight in Operation Enduring Freedom. After Wells Fargo repossessed the car, Wells Fargo sold the car at a public auction and then tried to collect a deficiency balance of over $10,000 from the Guardsman and his family. The Office's investigation found a pattern of unlawful

We all Have an Obligation to Ensure That the Men and Women who Serve our Country in the Armed Forces are Afforded all the Rights They are due.

repossessions spanning more than seven years, from January 1, 2008, through to July 1, 2015. The agreement requires Wells Fargo to pay $10,000 to each of the affected servicemembers, plus any lost equity in the vehicle with interest. In addition, Wells Fargo also must repair the credit of all affected servicemembers.

The Justice Department opened a civil pattern-or-practice investigation into the Orange County District Attorney's Office and the Orange County Sheriff's Department, pursuant to the Violent Crime Control and Law Enforcement Act of 1994. The investigation will focus on allegations that the district attorney's office and the sheriff's department used jailhouse informants to elicit incriminating statements from specific inmates who had been charged and were represented by counsel, in violation of the Sixth Amendment. Additionally, the investigation will seek to determine whether the district attorney's office violated defendants' 14th Amendment due process rights under Brady v. Maryland, a 1963 Supreme Court case, by failing to disclose offers of leniency that would have undermined the credibility of the informants' trial testimony. The Orange County District Attorney requested that the Justice Department review his office's informant policies and practices and offered unfettered access to documents and personnel.



In United States v. Cynthia Flores, a federal correctional officer employed by the U.S. Bureau of Prisons at the Victorville Federal Correctional Complex was arrested on federal civil rights and assault charges stemming from an incident in which she allegedly kicked a female inmate in the head. Cynthia Flores was charged in an indictment accusing her of deprivation of rights under color of law, assault with a dangerous weapon with intent to do bodily harm, falsifying records and making false statements and concealing material facts in a matter within the jurisdiction of the United States Department of Justice. The charges stem from an incident in which Flores allegedly assaulted an inmate at the women's prison camp in Victorville on June 2, 2013. During the evening count, when correctional officers ensure that all inmates are present, Flores initiated a physical altercation with the victim inmate. After the inmate's hands were placed in restraints behind her back, she was held chest down on the floor, and Flores allegedly kicked the inmate in the head. Following the incident, Flores allegedly submitted both a written incident report and a videotaped oral report in which she described a verbal and physical altercation with the inmate. The indictment alleges that Flores falsely stated that the inmate had assaulted her, when it was actually Flores who assaulted the inmate by pushing the inmate into a wall, striking her and kicking her in the head.

Community Safety

This past year the Office filed many cases to protect consumers from unknowingly purchasing and using unsafe goods. Community Safety efforts also included cases as diverse as the unsafe flying of commercial aircraft to the violation of food safety regulations.

In United States v. Johnson, a former employee for the now defunct Huntington Meat Packing Co. was charged with six counts of providing false certifications of E-coli free beef. Johnson, 68, provided the U.S. Department of Agriculture with certifications that his company's beef was safe of the dangerous bacteria, when in fact, it was not. Johnson pled guilty to one count of falsifying certifications, and was sentenced to one year of home detention, three years of probation, and 200 hours of community service. Johnson was also required to pay a share of $300,000 for restitution.

In United States v. Leto, an Irvine man pleaded guilty in federal court to charges of illegally flying on two separate occasions turbo-jet powered aircraft with passengers onboard without having a valid license. Arnold Gerald Leto III, 36, stated that he piloted a Cessna Citation aircraft from Santa Monica to Phoenix, and, in April 2016, piloted a Falcon 10 turbo-jet aircraft from Van Nuys Airport to Las Vegas. On both of those occasions, Leto piloted the aircraft with passengers onboard knowing that he did not have the requisite "airman certificate" to pilot that aircraft.

In United States v. Gerson, a Laguna Hills man was charged with selling pet medication, including powerful antibiotics, some of which were not approved for distribution in the United States, without a prescription. Sean Gerson, the owner of a business called Vaccination Services, was charged with delivery into interstate commerce of two misbranded drugs: Comfortis, an anti-flea medication, and ciprofloxacin, an antibiotic commonly called "Cipro." According to an affidavit in support of a two-count criminal complaint, Gerson used several websites to market prescription animal products to buyers without valid prescriptions. Gerson had previously pleaded guilty in Texas to state charges of delivery of a dangerous drug.

In United States v. David Hans Arntson, federal authorities arrested a former captain with Alaska Airlines on federal charges of piloting a plane with passengers while under the influence of alcohol. According to a criminal complaint, Arntson was the pilot of two Alaska Airlines flights in June 2014. The first flight was from San Diego International Airport to Portland, Oregon. He then flew a plane from Portland, Oregon, to John Wayne Airport in Orange County. After landing at John Wayne Airport, Arntson was selected for random drug and alcohol testing by Alaska Airlines. A technician for Alaska Airlines performed two tests on Arntson and received results that the pilot had a blood alcohol concentration of 0.134 percent and 0.142 percent. After the technician informed Alaska Airlines of the test results, it removed Arntson from all safety-sensitive duties. According to federal law, a person operating a "common carrier," such as a commercial airliner, is presumed to be under the influence of alcohol when his or her blood alcohol content is 0.10 percent or higher. Arntson's co-pilot on the two

flights on June 20 remembered seeing the drug tester when the plane landed at John Wayne Airport and recalled Arntson say "I bet it's for me," according to the complaint.

In United States v. Lynn Leung and Daniel Fu, the former president and co-owner of the Nu-Health Products Company were convicted of felony violations of the federal Food, Drug, and Cosmetic Act for their participation in a scheme to import misbranded food into the United States from China with the intent to defraud and mislead regulatory authorities. The "food" at issue consisted of millions of capsules of honey bee royal jelly – dietary supplements that were falsely and misleadingly described in import records as "aloe vera." The mislabeled dietary supplements were purchased from Nu-Health Products Company's supplier in China, the Sirio Pharma Company, Ltd. Both Leung and Fu admitted that the royal jelly was falsely described in import and export documents because Sirio Pharma lacked regulatory certificates required for export of the honey bee products from China. Leung was sentenced to one year of home detention and ordered to pay a $20,000 fine. Fu was sentenced to six months of home detention and also ordered to pay a $20,000 fine. Both Leung and Fu were placed on five years of probation and banned from working as a manager, officer or director of any business entity, including their family-owned companies for a period of five years. The ASN Group, Inc., a family business operated by Leung and Fu was also convicted of introducing mislabeled food into interstate and foreign commerce and ordered to pay a fine of $30,000. The Chinese supplier, Sirio Pharma Company, previously pleaded guilty in this case to wildlife trafficking and was ordered to pay $500,000 in monetary fines and penalties.



In Operation Fright Night, several defendants were sentenced after pleading guilty to criminal charges related to the sale of contaminated decorative contact lenses without a prescription. In the last two years, dozens of contact lenses contaminated with the Bacillus cereus bacterial strain (which ordinarily grows upon rotten fried rice and causes blindness) have been seized and removed from the market.

In United States v. Ernesto Alvarez, Jr., the defendant was charged with transporting over four tons of fireworks in a Penske rental truck without any placarding. This case stems from a larger investigation in which over 200,000 pounds of fireworks were seized from warehouses, a residence, and additional trucks/trailers. The Los Angeles County District Attorney's Office also charged another individual in connection with the illegal fireworks.

In United States v. Nicholas Brandt-Sorenson, the defendant, a former semi-professional cyclist, was charged with introducing a misbranded drug (EPO without a prescription) into interstate commerce. Brandt-Sorenson operated a website called Anemia Patient Group where he provided "hypothetical" information about how athletes dope. In actuality, he used the website to solicit customers (mostly amateur athletes) to sell EPO and other doping products.

Credit Fraud

The U.S. Attorney's Office investigates and prosecutes some of the most significant fraud cases involving lines of credit in the country. The size, complexity, and breadth of the cases prosecuted by the Office mirrors the vast variety of credit fraud occurring in the Central District.

In United States v. Monge, the defendant was sentenced to more than 12 years in federal prison for his role in providing "technical support" to a credit card fraud ring that caused an estimated loss of more than $3,000,000, and for applying for a passport with a false identity in an effort to flee prosecution. Mario Humberto Monge was sentenced to 145 months in prison and ordered to pay over $358,000 in restitution. When imposing sentence, the Judge considered Monge's criminal history, which included prior federal convictions for fraud involving cloned cell phone devices and possession of firearm silencers without serial numbers.

In United States v. Nelson et al., four defendants were convicted and sentenced in connection with a fraudulent Orange County, California debt relief firm. The defendants all worked at Nelson Gamble and Associates and Jackson Hunter Morris and Knight, companies that offered to settle credit card debts but instead took victims' payments as undisclosed up-front fees. Jeremy Nelson was sentenced to serve 87 months in prison and ordered to pay $4,225,924 in restitution. Nelson admitted to being the owner and CEO of the companies and overseeing the scheme. Elias Ponce was sentenced to serve 42 months in prison and ordered to pay $2,340,373 in restitution. Ponce worked in the "customer service" department and handled complaints. Christopher Harati was sentenced to serve 27 months in prison and ordered to pay $408,403 in restitution. Harati worked with Ponce in customer service at the companies. Athena Maldonado of Lake Forest, was sentenced to serve one month in prison and six months' home confinement and ordered to pay $130,224 in restitution. Maldonado handled complaints and held herself out as the vice president of the company's "legal department." John Vartanian pleaded guilty to conspiracy in connection with his role as a salesman at the companies.

It is Beyond Dispute That Fraud Does Significant Harm to our Community and our Country.

In United States v. Dobadzhyan, Vagan Dobadzhyan was sentenced to 72 months in prison for manufacturing counterfeit access devices cards using card information skimmed from gas stations. As part of his plea agreement, Dobadzhyan agreed to the criminal forfeiture of cash, bank accounts, and exotic cars worth $750,000. In addition, he forfeited $220,000 of his bond, which was secured by real estate, after the court found he breached his conditions of release by continuing to commit credit card fraud while on release, bringing his total payments to the government to almost $1 million.

Crimes and Fraud Against the Government

The Central District is home to a large number of government employees, officials, and agencies who each play a critical role in the proper functioning of government. It is, therefore, necessary that we take great efforts to protect these employees and agencies from threats, fraudulent schemes, and harm. In 2016, our cases spanned murder of a federal officer at Los Angeles International Airport, assaults on and threats against federal officers, impersonation of federal agents, fraud against government agencies, and counterfeiting government documents

In United States v. Liang, an Irvine-based immigration attorney was sentenced to 21 months in federal prison for obstructing justice. Ken Zhiyi Liang helped a Chinese national flee the United States after the woman was designated as a "material witness" in a criminal investigation into the "birthing houses" operating in Southern California. The federal investigation, which became known when authorities executed dozens of search warrants, focused on so-called birthing houses that provided services to Chinese nationals who travelled into the U.S. from China for the purpose of giving birth to children so that the children could obtain U.S. citizenship. Liang was found guilty of conspiring to obstruct justice, obstructing justice, and tampering with a witness. Liang was caught on video and audio recordings selling and marketing his abilities to help smuggle the witness out of the United States in violation of court orders, in exchange for a $6,000 fee to himself and a $1,500 to $3,000 fee for three co-conspirators who would assist him. Liang provided assistance to two other material witnesses who fled to China, and to another material witness who was intercepted at Los Angeles International Airport.

In United States v. Robert Lee Lett et al., a Lancaster couple was sentenced to federal prison for conspiring to defraud the California Employment Development Department (EDD) by filing fraudulent applications for disability benefits and obtaining more than $900,000 from the agency. Robert Lee Lett was sentenced to 57 months in federal prison, and his wife, LaTanya Annette Lett was sentenced to 46 months in prison. In addition to the prison terms, the couple was ordered to pay restitution in the total amount of $900,711. From 2011 to 2015, the Letts defrauded the EDD by filing 127 fraudulent disability applications. These applications were filed in the names of identity theft victims and included bogus certifications of disability with forged doctors' signatures. The Letts arranged to have mail received in the victims' names at a dozen different addresses and repeatedly used the disability benefits cards they received in the mail to withdraw over $900,000 in cash from ATM's during the four-year period.

In United States ex rel. Caron et al. v. B&H Education, Inc., et al., the insurance carrier for B&H Education Inc., a defunct, for-profit cosmetology school, paid the United States $8,631,000 to resolve civil allegations that the school obtained federal student loan funds for ineligible students who received bogus high school diplomas. The school, which operated the Marinello Schools of Beauty in locations across Southern California, allegedly allowed students seeking high school diplomas to take their tests without proctors, to use their phones and workbooks to look up answers during tests, and to repeat the

same tests until they passed. Many of the students who received their high school diplomas through this program then enrolled at B&H, and, with B&H's assistance, applied for and received federal student loans for which they were not eligible. The allegations against B&H first surfaced in a qui tam, or whistleblower, lawsuit filed by six former B&H employees in 2013 under the False Claims Act. The settlement is with the insurance carrier because B&H went out of business earlier in 2016 after the U.S. Department of Education denied B&H's recertification application to continue participating in federal student financial assistance programs.

In In Re Advantage Mailing, LLC, the United States investigated claims that Advantage Mailing, LLC, an Orange County-based bulk mail company, systematically misclassified postage and defrauded the United States Postal Service out of millions of dollars in postage fees. The postage misclassification scheme involved, among other things, submitting false postage statements that misrepresented the type and amount of postage affixed to millions of pieces of mail handled by Advantage. Advantage's president Thomas C. Ling ultimately paid the United States $3 million to resolve the investigation and settle the claims at issue.

In United States v. Latka, a man who repeatedly threatened to kill a United States Forest Service Law Enforcement Officer who contacted the man in relation to an investigation into trash dumped in the San Bernardino National Forest was sentenced to 18 months in federal prison. Richard Latka was found guilty by a federal jury of threatening to assault and murder the federal officer. According to the evidence presented at the trial, the Forest Service Officer went to a residence to investigate a large amount of trash that had recently been dumped in the nearby national forest. The officer encountered Latka in the front yard of the residence, and Latka reacted angrily when the officer said he wished to speak to the owner of the home. Latka then ran toward the officer with clenched fists. Believing that Latka intended to hit him, the officer drew his Taser and ordered Latka to stop. Latka stopped running but continued screaming at the officer. The officer tried to diffuse the situation by retreating to his car, but Latka followed the officer, continued to scream at him, and then pounded with both fists on the driver's side window of the officer's marked law enforcement vehicle. The officer drove away, but Latka pursued the officer in his own car, screaming that he was going to kill the officer. At one point, Latka pulled up beside the officer and yelled, "Next time you're dead!" Witnesses reported that Latka later returned to the home and screamed to them that he was going to kill the officer.



United States ex rel. Lira v. Air Industries Corporation (AIC), a Garden Grove-based aerospace parts company paid the United States $2.7 million to resolve civil allegations that it falsely certified it had performed required inspections on aerospace parts used in military aircraft, spacecraft and missiles.

The settlement resolves allegations initially made in a whistleblower lawsuit filed under the qui tam provisions of the False Claims Act by an employee of AIC.

In United States ex rel. Colangelo et al. v. En Pointe Gov., Inc., et al., En Pointe Gov., Inc., an information technology company, is alleged to have violated the False Claims Act by falsely representing itself as a small business concern in order to obtain federal small business set-aside contracts and by underreporting its sales under a GSA contract to avoid the payment of administrative fees. This case, which was filed initially by two whistleblowers, resulted in En Pointe Gov., and several related companies, paying $5.8 million to settle their liability to the United States.

In United States v. Wells Jr., a Bay area man was found guilty of assaulting a fellow passenger on a plane. Lawrence Wells Jr. was on a Southwest Airlines flight from LAX to San Francisco. The plane was delayed three hours on the tarmac during which the passenger in front of Wells Jr. reclined her chair. After a while, a flight attendant asked it to be placed upright, but after takeoff, the passenger reclined her chair once again. This angered Wells Jr. who then choked her for 5-10 seconds and punched the woman in the face. The incident forced the plane to conduct an emergency landing.

In United States v. Lopez, a Santa Ana man who intentionally aimed a laser pointer at a law enforcement helicopter investigating a serious traffic accident was sentenced to 15 months in federal prison. Mario Deleon Lopez, 35, pleaded guilty in March to a felony offense of aiming a laser pointer at an aircraft on the evening of November 14, 2015 when Orange County Sheriff's Department tactical flight deputies responded to a traffic accident in Santa Ana involving an overturned vehicle. The deputies were searching the area to see whether anyone had been thrown from the vehicle when their helicopter was struck by a laser beam. The helicopter was struck multiple times with a green laser that illuminated the helicopter's cockpit in an attack the tactical flight officer called "relentless." Following the laser attacks, the deputies, along with the Santa Ana Police Department, successfully tracked the source of the laser to a suspect located in the backyard of a residence in Santa Ana. Police on the ground responded to the residence and took Lopez into custody on state charges of pointing a laser at an aircraft.



In United States v. Qiao et al., defendant Shilan Zhao pled guilty to Conspiracy to Commit Immigration Fraud. This plea followed charges against defendant Zhao and her ex-husband, JianJun Qiao stemming from defendant Qiao's fraudulent diversion of funds while he served as the director of the Zhoukou Municipal Grain Reserve for the Henan Provincial Branch of the Central Grain Reserve in the People's Republic of China. Defendants Qiao and Zhao used these diverted funds to invest in businesses, real property and other assets in Los Angeles, California, and elsewhere in the United States. Among these investments, defendants, Chinese nationals, invested in certain "qualifying EB-5 Visa" investments, in an

attempt to obtain legal immigration status in the United States. In their EB-5 Visa applications, defendants made certain materially false representations designed to obtain immigration benefits.

In a series of cases including United States v. Garcia and United States v. Rueda, 13 defendants were charged as a result of Operation Buzzkill by the Coast Guard. Operation Buzzkill involved five document mills which produced bogus identification documents, including counterfeit Transportation Worker Identification Credentials ("TWICs"), which enable unrestricted access to secure facilities within the ports and waterways of Los Angeles, "green cards," social security cards, driver's licenses, U.S. passports, and military identification cards. Several of the defendants have pled guilty and face sentencing.

In United States v. Kingsley Osemwengie, a former Las Vegas resident who was incarcerated in the federal prison in Victorville while he oversaw a scheme to obtain and cash stolen checks was sentenced to another 110 months in prison for conspiring to commit bank fraud. Osemwengie was sentenced for orchestrating a fraud ring that attempted to negotiate millions of dollars in Los Angeles County warrants – which are essentially checks issued by the municipality – that had been stolen by a corrupt postal employee. The corrupt postal employee – Sabrina Pittman, pleaded guilty to conspiring to commit bank fraud. Osemwengie pleaded guilty in relation to an indictment that also charged his brother, Nelson Osemwengie, and two other defendants. Members of the conspiracy recruited dozens of bank customers who were willing to provide their ATM cards and access to their accounts in exchange for a share of the proceeds. The warrants were altered to change the name of payees to the names of the recruited account holders. The warrants were deposited into the bank accounts, and members of the conspiracy withdrew as much money as they could before the banks learned the warrants had been fraudulently deposited. When Osemwengie pleaded guilty, he specifically admitted that a stolen Los Angeles County warrant for $729,340 was deposited into an account at Bank of America in 2014. Other federally-insured financial institutions that suffered losses included Chase Bank, Navy Federal Credit Union and Wells Fargo Bank.

In United States v. Flores-Mendoza, an Orange County man who allegedly posed as an agent with U.S. Immigration and Customs Enforcement (ICE) in an attempt to extort money from at least one female victim was charged in a criminal complaint with impersonating a federal officer. Luis A. Flores-Mendoza, was arrested by Special Agents with ICE Homeland Security Investigations (HSI). Flores-Mendoza was initially arrested and charged in state court after an investigation by the Placentia Police Department. According to the federal complaint, the female victim told Placentia police detectives that Flores-Mendoza arrived at her workplace clad in police tactical gear, including a vest, badge, and a firearm, which later proved to be a pellet gun. After allegedly identifying himself as an ICE agent, the victim said Flores-Mendoza presented her with a letter, purportedly from ICE, stating there was an immigration case against her. The defendant then instructed the victim to pay him $5,000 to prevent her and her child from being deported. At the time of his original arrest on the state charge, Flores-Mendoza was driving a vehicle equipped with police-style strobe lights and a siren.

Cyber Crimes

The Central District of California is home to some of the most significant and sensitive computer systems in the country. Complex government networks, the film and music industries, the home of "silicone beach" and important high-tech industries all reside within its borders. Reflecting the significance of the cyber industry to the district, in 2016 the Office brought landmark litigation in the area of cyber. From the litigation over the search warrant for the phone used by one of the San Bernardino terrorists, to multiple cases involving the use of computers to steal sensitive information, to hacking issues faced throughout the district, the Office was at the forefront of technology issues in the law.

In In the Matter of the Search of an Apple iPhone Seized During the Execution of a Search Warrant on a Black Lexus IS300, the Office filed a motion to compel Apple to assist in unlocking the San Bernardino County iPhone used by Rizwan Farook, one of the San Bernardino terrorists. Law enforcement obtained a search warrant to search the iPhone for evidence related to the San Bernardino terrorist attacks of December 2, 2015. The Office sought an order to compel Apple to assist the Federal Bureau of Investigation in executing that search warrant on the iPhone. Apple refused to cooperate, as it had repeatedly in the past, in unlocking the encryption on the phone. On the eve of the hearing, the FBI was able to gain access to the phone with the assistance of a third –party, mooting the motion.

In United States v. Helton, an Oregon man was sentenced to federal prison for a computer-hacking scheme that gave him illegal access to 363 Apple and Google email accounts, including those belonging to individuals in the entertainment industry. Andrew Helton of Portland, Oregon pled guilty to one count of unauthorized access to a protected computer to obtain information. He admitted that he ran a phishing scheme in which he was able to collect approximately 448 usernames and passwords for 363 e-mail accounts. After gaining access to the victims' accounts, Helton scoured their e-mails and found 161 sexually explicit, nude and/or partially nude images of approximately 13 victims, who included some celebrities.

In United States v. Su Bin, a Chinese national was sentenced to 46 months in federal prison for participating in a conspiracy involving Chinese military officers hacking into the computer networks of major United States defense contractors in order to steal military technical data. During the course of the conspiracy, sensitive military and export-controlled data was stolen and sent to China. Bin pled guilty to one count of conspiring to gain unauthorized access to a protected computer and to violating the Arms Export Control Act by exporting defense articles on the U.S. Munitions List contained in the International Traffic in Arms Regulations. Bin also admitted that he conspired with two persons in China to gain unauthorized access to protected computer networks in the United States in order to obtain sensitive military information and illegally export such information to China.

In United States v. Collins, a Pennsylvania man was sentenced on felony computer-hacking charges related to his illegal access of over 100 Apple and Google e-mail accounts, including those belonging to

individuals in the entertainment industry. Ryan Collins of Lancaster, Pennsylvania, was sentenced to federal prison for a violation of the Computer Fraud and Abuse Act. Collins pled guilty to one count of unauthorized access to a protected computer to obtain information. The case against Collins stemmed from the investigation into the leaks of photographs of numerous female celebrities, known as "Celebgate." Specifically, from November 2012 until the beginning of September 2014, Collins engaged in a sophisticated phishing scheme to the obtain usernames and passwords of his victims. He sent e-mails to victims that appeared to be from Apple or Google and asked victims to provide their usernames and passwords. When the victims responded, Collins then accessed the victims' e-mail accounts. After illegally accessing the e-mail accounts, Collins obtained personal information including nude photographs and videos. In some instances, Collins used a software program to download the entire contents of the victims' Apple iCloud backups.

In United States v. Polequaptewa, a former Garden Grove resident was charged with hacking into the computers of a prior employer and deleting files. According to the indictment, Nikishna Polequaptewa was responsible for information technology at an Irvine-based company called Blue Stone, which provided consulting services to Native American tribal governments throughout the United States. When he was relieved of his duties, he resigned but repeatedly accessed the Blue Stone internal server, a desktop computer, and remote accounts, allegedly deleting various files belonging to the company.



In United States v. Majercyzk, the defendant pled guilty to computer hacking in relation to a phishing scheme that gave him illegal access to over 300 Apple iCloud and Gmail accounts, including those belonging to members of the entertainment industry in Los Angeles. Edward Majercyzk of Chicago and Orlando Park, IL, pled guilty to one count of unauthorized access to a protected computer to obtain information in violation of the Computer Fraud and Abuse Act. The case against Majercyzk stemmed from the investigation into the leaks of photographs of numerous female celebrities, known as "Celebgate." Majerczyk sent emails to victims that fraudulently appeared to be from security accounts of internet service providers seeking the victims' user names and passwords. If the victim responded, he then illegally accessed their email accounts and obtained personal information including sensitive and private photographs and videos.

In United States v. Bankston, a Northern California nurse's assistant was charged with cyberstalking computer and hacking in relation to harassment and threats targeting a television personality, members of her family, and two assistants. According to the indictment, Christina Bankston stalked her victims for over six months, hacked their personal accounts, impersonated her victims, extorted them, and

"swatted" them. Bankston sent her victims large numbers of text messages and e-mails, as well as making harassing phone calls.

In United States v. Pearson, the defendant was charged with launching repeated online attacks against a computer system operated by his former employer, a Rancho Dominguez-based manufacturer of precision laser and mechanical drilling equipment. The defendant admitted that soon after he stopped working for Excellon Automation, he began transmitting "attack scripts" to Excellon's website. The attacks on the computer system which were executed over the course of 10 months caused the Excellon server to either cease functioning or to become inordinately slow. Defendant also admitted attempting to hide his Internet Protocol address when committing the offense.

In United States v. Donna Houlne, an Arizona woman was sentenced to prison for hiring hackers to break into multiple email accounts including those of an attorney opposing her in a civil lawsuit. In pleading guilty to unauthorized access to a protected computer, Houlne admitted paying thousands of dollars over more than a year to multiple hackers to gain access to various email accounts. Her prosecution was part of an international takedown of hack-for-hire websites in cooperation with law enforcement in Romania, China, and India.

In United States v. Jeffries, United States v. Haseeb, United States v. Iazetta, United States v. Lopez and United States v. Maldonado, the defendants received sentences of up to eight months in federal prison in connection with "discount fraud" schemes against Hewlett Packard and Cisco Systems. Defendants Haseeb, Iazetta, and Maldonado were authorized HP or Cisco partners, and defendant Lopez was a Cisco employee, who misrepresented the true customer for the purchase of millions of dollars in computer products in order to obtain steep discounts to which they were not entitled. Defendants then diverted the products to defendant Jeffries in Irvine, California, for resale. Iazetta and Maldonado pled guilty to three counts of accessing a protected computer without and in excess of authorization to obtain information. Lopez pled guilty to one count of the same charge. Haseeb pled guilty to three counts of trafficking in computer passwords affecting interstate commerce. Defendants admitted to the unauthorized use of the HP or Cisco computer systems or passwords to accomplish the discount fraud schemes. Jeffries pled guilty to three counts of attempting to access a protected computer without and in excess of authorization to obtain information in connection with the scheme.

Cyber Crime Represents one of the Most Serious Threats to our National Security

Defending the United States

Civil actions brought against the United States, its agencies and its employees, require the Office to bear the dual responsibilities of protecting public funds and supporting justice. These civil actions include a wide variety of tort cases, such as medical malpractice and Constitutional tort cases, immigration, bankruptcy, breach of contract, property disputes, judicial review of administrative decisions, and injunctive proceedings. In addition, the Office also brings affirmative civil penalty cases and injunctive relief actions to protect federal property and enforce federal laws, including environmental laws. The following representative samples demonstrate the breadth and importance of the civil cases handled by the Office in 2016.

In Bloomgarden v. Singer, et al., an inmate serving a federal sentence sought emergency injunctive relief against the United States Marshal, the Federal Bureau of Prisons, and the Los Angeles County Sheriff to prevent his return to federal custody after his conviction on state murder charges. Following this Office and local governments' opposition to the application, the Court denied the application, the inmate dismissed the action, and the inmate returned to federal custody.

In Shy v. United States, the Office prevailed at trial in a medical malpractice case involving care provided by a federally-funded community health center treating underserved and low income patients. Plaintiff alleged that the death of her adult son resulted from an adverse reaction to blood pressure medication prescribed by federal providers. A non-federal entity settled wrongful death claims with the plaintiff, but the Office proceeded to trial to defend the actions of the federal employees. At trial, the Court ruled that the federal providers neither breached the standard of care nor caused decedent's death.

In Harvey v. United States, the Office prevailed on summary judgment in a medical malpractice action alleging anoxic brain damage resulting from oxygen deprivation during the administration of anesthesia. Relying on the opinion of a doctor of osteopathy practicing "anti-aging" medicine with no training in anesthesiology, plaintiff claimed that the Department of Veterans Affairs breached the standard of care, causing injury. Through admissions made during deposition, the government successfully argued that plaintiff's expert was not qualified to offer scientifically reliable opinions and had failed to consider obvious alternative causes for the alleged cognitive deficits, including a history of cocaine and alcohol addiction.

In Kim v. United States, a supermarket owner sought reversal of the Department of Agriculture's decision disqualifying the store from participating in the Supplemental Nutrition Assistance Program. The store was disqualified for charging for food items which were not actually received by food stamp customers. Plaintiff argued that the government's decision was arbitrary and capricious and that a civil money penalty should have been imposed instead of disqualification from the SNAP program. The court upheld the government's decision.

In the In the Estate of Cooper probate action, plaintiffs attempted to prevent the Department of Housing and Urban Development from selling a property where HUD held the sole beneficial interest in the deed of trust pursuant to a reverse mortgage. The Office prevented a temporary restraining order from being issued and instead obtained a $259,000 payment from the estate prior to a foreclosure sale.

In Mulligan v. Yang, an Administrative Law Judge with the EEOC alleged that the government discriminated against her over a ten-year period, primarily by failing to accommodate her disabilities. The Office moved for summary judgment on the grounds that the EEOC took reasonable steps to accommodate the employee and that her claims were either time barred or insufficient to establish a prima facie case of discrimination. The court granted summary judgment in the government's favor on all claims.

In Rojas v. FAA, unsuccessful applicants for positions as Air Traffic Controllers brought a Freedom of Information Act challenge to the FAA's retention of privileged documents pertaining to the hiring process. After oral argument and in camera inspection of under seal documents, the court granted summary judgment in favor of the government, upholding the claim of privilege and finding that the government's record search and production of records were reasonable and in accordance with the law.

Binamo v. United States arose out of a tree falling on a car in the Sepulveda Flood Control Basin, causing personal and property damage. The Office moved to dismiss on the ground that, although the Army Corps of Engineers owned the land, the City of Los Angeles leased the land and undertook a contractual obligation to maintain it. The court dismissed the case against the United States with prejudice based on the independent contractor exception to the FTCA.

In Robertson v USA, an employee of an independent contractor hired by the United States injured himself while working at a military commissary and sought damages from the government in a premises liability action. The court granted the Office's motion for summary judgment, ruling that the action was barred because California law precludes employees of independent contractors from suing the entity that hired the contractor, instead limiting such employees to worker's compensation benefits.



In Shelton v. Department of the Army et al., a federal employee sued for alleged discrimination contending that, among other things, a manager's email was sexually offensive because it began with "a genital reminder" instead of "a gentle reminder." The court granted the Office's motion to dismiss finding that no reasonable person could have objectively believed its contents were severe and pervasive enough to constitute unlawful employment discrimination.

People v. Windle involved an eminent domain action filed by the State of California regarding property where the landowner defaulted on private loans, as well as a U.S. Small Business Administration loan with a remaining balance of $594,000. Prior to a trial which would have extinguished the SBA's lien interest in the property if the State prevailed, the Office obtained a $350,000 payment to the SBA.

In Risby v. Johnson, et al., a former ICE investigator sought an order compelling the government to issue a retired law enforcement officer identification card which would allow him to carry a concealed weapon, contending that he would carry the weapon "to protect his Second Amendment rights." The court granted the Office's motion to dismiss, finding that the Law Enforcement Officer's Safety Act did not provide a private right of action.

In Dastmalchian v. DOJ et al., the wife of a doctor convicted of multiple counts of illegally prescribing oxycodone sued the Department of Justice, a district court judge and other governmental officials, claiming that her property rights had been violated by the forfeiture of an office building. The court granted the Office's motion to dismiss the action with prejudice, based on judicial and prosecutorial immunity, as well as the prior forfeiture proceeding having been the proper forum for such relief.

In re Lusk arose when one JAG Officer brought suit in Orange County Superior Court, alleging another JAG Officer's representation of California National Guard members in military proceedings constituted the unauthorized practice of law because he lacked a California State Bar license. The United States, as a real party in interest, removed the case to District Court and moved to dismiss, briefing complex issues including whether National Guard personnel are government employees for the purpose of removal, and the nature and extent of the immunity provided to the United States by the Feres doctrine.

In Keehn v. United States, a former defense department contractor sought to enjoin federal funding of national defense and intelligence programs that he claimed were based upon his technological innovations. The court granted the Office's motion to dismiss with prejudice, holding that the claims were barred by sovereign immunity; the Ninth Circuit affirmed.

In Smets v. James, a former Air Force employee brought suit alleging that she was not selected for a new position with the Air Force due to her age and prior participation in an EEO process. The court granted the Office's motion for summary judgment, in part because the plaintiff could not establish that she was one of the 404 candidates who had completed the application for the position via the USAJOBS website.

In Baluch v. Kerry, an American citizen challenged the government's denial of a visa application for her husband to immigrate to the United States based on the terrorist-activity bar. The court granted the

Office's motion to dismiss, holding that the plaintiff had failed to make an affirmative showing of bad faith on the part of the consular officer and upholding the doctrine of consular non-reviewability.

In Nolan v. Vilsack, a Forest Service firefighter claimed that he was subjected to discrimination and a hostile work environment due to his age and alleged disabilities. The court granted the Office's motion for summary judgment, finding that the employee had failed to timely initiate the mandatory EEO administrative process, failed to prove that he had suffered an adverse employment action and failed to articulate a protectable disability.

In re Francisco Javier Robledo Jr. was a bankruptcy action in which the debtor had pled guilty to wire fraud and access device fraud and been ordered to pay restitution. His father then refinanced two real properties to secure the restitution funds which creditors attempted to claim as funds in the bankruptcy estate. In the bankruptcy court, the Office provided tracing evidence through declarations and escrow documents to demonstrate the origination of the money and the intended beneficiaries, and convinced the bankruptcy court that the debtor did not hold legal title or an equitable interest in the funds, thus securing over $240,000 for the victims.



Embezzlement

Individuals, including corporate insiders and government officials, who abuse their positions of trust to enrich themselves at the expense of corporations, businesses, and public funds, are putting companies and their employees and public monies at risk. Their actions can also threaten our economy, by undermining the trust investors and others have in the businesses that drive our economy both here and abroad. In 2016 the Office filed actions involving more than one billion dollars in embezzled funds.

In a series of cases beginning with United States v. The Wolf of Wall Street, the Office filed civil forfeiture complaints seeking the forfeiture and recovery of more than $1 billion in assets associated with an international conspiracy to launder funds misappropriated from a Malaysian sovereign wealth fund. More than $3.5 billion in funds belonging to 1Malaysia Development Berhad (1MDB) were allegedly misappropriated by high-level officials of 1MDB and their associates from 2009 through 2015, according to the 16 complaints filed in United States District Court in Los Angeles. 1MDB was created by the government of Malaysia to promote economic development in Malaysia through global partnerships and foreign direct investment, and its funds were intended to be used for improving the well-being of the Malaysian people. Instead, as detailed in the complaints, 1MDB officials and their associates allegedly misappropriated more than $3 billion. The United States seeks to recover more than $1 billion laundered through the United States and traceable to the conspiracy.

In United States v. Choi, a former manager in HBO's Talent Relations Department pled guilty to federal charges alleging that she stole about $1 million from the network by submitting fraudulent invoices. Jennifer Choi pled guilty to two counts of wire fraud and one count of tax evasion. Prosecutors say that as part of her scheme, she set up a company called Shine Glossy that she used to submit bogus invoices to HBO for style and makeup services. Such service was never provided and HBO funds went directly into a bank account she set up. Through Shine Glossy, Choi submitted nearly 300 fraudulent invoices that led HBO to pay about $940,000. Choi also admitted that she used a car service for personal matters and provided HBO's account information, which led the car service to bill HBO for the unauthorized rides totaling to nearly $63,000. Choi also admitted that she failed to file federal income tax returns for several years, even though she earned hundreds of thousands of dollars in the years. She also admitted significantly under-reporting her income when she did file tax returns. Choi was terminated and could face up to 45 years in prison.

In United States v. Galstian, the owner of a Glendale-based ride-sharing business was sentenced to more than eight years in prison in two separate fraud cases, including one involving the sale of more than 30,000 Apple iPhones fraudulently obtained from Verizon Wireless at substantially discounted prices. Karen "Kevin" Galstian of Chatsworth was sentenced to 100 months for the scheme against Verizon Wireless that generated illegal profits of more than $13 million, and 87 months for defrauding Bank of

America out of almost $700,000. Galstian was also ordered to pay $17 million in restitution to Verizon and more than $200,000 in restitution to Bank of America.

In United States v. Mariano et al., four men, Luis Mariano Rodriguez, Antonio Anguiano, Terry Jay Mink, and Rene Exequiel Bautista pled guilty to charges that they embezzled more than $8 million from an industrial launderer owned by Citizens of Humanity, a manufacturer of high-end designer jeans. The companies owned by the co-schemers billed CM Laundry millions and transferred generally 75% of such millions to Rodriguez and his company Genesis Electronics, Inc. Rodriguez was sentenced to 78 months in federal prison following his plea to mail fraud. Mink and Bautista pled guilty to conspiracy to commit mail fraud, while Anguiano pled guilty to mail fraud; they were sentenced to 12 months in prison, probation, and 27 months in prison respectively.

In United States v. Lee, an Orange County man who pleaded guilty to embezzling approximately $1.4 million from his employer – while he was pending sentencing in another $2.6 million embezzlement case – was sentenced to 121 months in federal prison. Peter Suk Lee, a resident of the City of Orange, pleaded guilty to a bank fraud charge and admitted that he embezzled company funds from Contempo Inc. USA, a family-owned, Los Angeles-based business that imports and distributes fashion accessories. From August 2014 through September 2015, Lee was the controller at Contempo. During this time, Lee embezzled money by forging the signatures of the company officers on 92 unauthorized checks that were made out to him and several associates. The total value of these checks was $1.38 million. Lee admitted that he deposited $393,400 embezzled from Contempo into his personal TD Ameritrade account, and caused other embezzled funds to be wired to casinos for his use. As part of Lee's sentence, a federal judge ordered Lee to pay $2,890,527 in restitution to his victims.



In United States v. England, a former office manager for an independent sporting goods distributor was sentenced to 37 months in federal prison for embezzling nearly $370,000 from her Los Alamitos-based employer. Julianna James England of Cedar Rapids, Iowa, was additionally ordered to pay $368,152 in restitution. The evidence at trial showed that England used company credit cards and wrote company checks to herself to obtain the company's funds. As part of her scheme, she altered company records and created false bank stubs to give to the company's accountant. From March 2003 until July 2007, England wrote at least 55 checks payable to either herself or her creditors totaling more than $33,000. To cover her tracks, England wrote false notations on the check stubs to indicate payment to a legitimate company vendor. After using these checks for her personal use, she altered the company's bank statements and provided these altered statements to the CPA. England also used company credit cards

for unauthorized expenses which totaled nearly $280,000. She used Visa and American Express credit cards issued to her employer for personal expenses and made unauthorized online payments from the company's bank account in an attempt to conceal the unauthorized purchases.

In United States v. Caro, an independent film producer was sentenced to 18 months in federal prison for interstate transportation of stolen property related to the theft of nearly $1.5 million that should have gone to his partner in a film production deal. Julio Caro of Calabasas, was sentenced for transporting money to New Jersey that had been stolen from an investment company called Yucaipa Corporate Initiatives Fund I, LP. In pleading guilty, Caro admitted that he stole $1,487,529 from Yucaipa over the course of five years. Caro used his company, Broken Rose Productions, Inc., to enter into a limited liability agreement with Yucaipa in early 2005. The resulting LLC, which was called R-Caro Productions, LLC produced several films, including "Homie Spumoni," which was distributed by Warner Brothers Entertainment. When Warner Brothers sent distribution proceeds to R-Caro, the money should have gone to Yucaipa, which had provided much of the financing for the film. Instead, "Caro stole these funds and used these funds to pay for his personal expenses, including, but not limited to, his mortgage and car lease payments," according to the court documents.

Embezzlement crimes have a devastating impact on companies, their owners and the employees



Environmental Crimes

Protecting the residents of the Central District of California, who are in the unique position of being surrounded by coastal borders, deserts, national forests, and abundant wildlife, necessarily entails protecting them from those who would do harm to our environment. The Office brought criminal actions in 2016 to protect the air we breathe and the water that we drink. In addition, our cases reflect efforts to address those who seek to disrupt our ecosystems by threatening endangered species.

In United States v. Williams et al., nine defendants were charged with violating the Clean Air Act by performing as many as 1,300 fraudulent smog checks on cars and trucks, allowing them to emit harmful levels of pollutants. The defendants conspired to make it appear in the system that a particular vehicle had been tested when a substitute vehicle had actually been used.

In United States v. Nguyen, a Garden Grove man was found guilty of smuggling twenty-seven Asian songbirds into the Los Angeles International Airport in a suitcase. Nguyen brought the birds into the United States although he claimed to officials when he landed that he was not carrying any animals or animal products. The birds, however, were discovered when his bags were searched. In an effort to conceal them, Nguyen put them in foil or newspaper and hid them under layers of clothes and extra foil. Two of the birds were found dead and seven more died later. Eleven of the birds were Chinese hwamei, which are protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora Treaty.

In United States v. Necromance and Smith, a West Hollywood shop that sells novelty wildlife items, and its owner, were sentenced in federal court for violating the Endangered Species Act by unlawfully importing seahorses. Necromance and Nancy Delap Smith of Studio City pleaded guilty to violations of the Endangered Species Act. Both defendants illegally imported items from Indonesia in 2011 that were protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

In United States v. Gutierrez, a North Hollywood man was sentenced for attempting to illegally export, from the United States to Taiwan, protected African elephant ivory. Cesar Ernesto Gutierrez pleaded guilty to aiding and abetting the attempted smuggling of African elephant ivory. Gutierrez is a well-known maker of custom pool cues who operates Ginacue in North Hollywood. Gutierrez manufactured and sold two Taiwanese nationals approximately 41 sections of custom pool cues containing inlays of protected elephant ivory. The two individuals Huang Ching Liu and Wen Shou Wei Chen were subsequently arrested at Los Angeles International Airport when agents with U.S. Customs and Border Protection and U.S. Fish and Wildlife Service discovered the pool cues in their luggage. Liu and Chen were indicted separately. The seized pool cues were purchased from Gutierrez for approximately $75,000 to $85,000.

In United States v. Flury, the owner of a Santa Fe Springs trucking company pled guilty to dumping 11,000 gallons of wastewater and soap into Los Coyotes Creek tributary, which runs into the San Gabriel River. Flury was charged with water pollution and was previously indicted in 2014 for organizing a fraudulent waste-hauling scheme in 2014. At that time, Flury told customers that he would take their waste to licensed dumping facilities for a fee but actually dumped it into the San Gabriel River.

Water is a Resource that we Cannot Afford to Waste or Pollute.



In United States v. $1,230,488.00 as Substitute Res for 118,000 Pounds of Frozen Toothfish, approximately 118,000 pounds of frozen Patagonian toothfish were seized by the National Oceanic and Atmospheric Administration ("NOAA") Office of Law Enforcement for violations of the Antarctic Marine Living Resources Conventions Act (16 U.S.C. § 2431, *et seq*.). The toothfish were imported without proper pre-approval or appropriate catch-documentation, in violation of several regulations promulgated under the Act. Patagonian toothfish is internationally regarded as amongst the most vulnerable species to the effects of over-fishing, due to its biological characteristics, and illegal harvest due to the high market demand for the fish, and the resultant high dockside prices. This conduct is described by the Food and Agricultural Organization of the United Nations as "IUU": that is, Illegal, Unreported, and Unregulated Fishing. This is believed to be one of the largest IUU seizures in NOAA history.

In United States v. James Lolli, et al., two individuals and one corporation were charged with conspiracy to violate the Endangered Species Act and Lacey Act by purchasing, distributing, and transporting Black and White rhinoceros horns in interstate and foreign commerce in support of commercial activity. The defendants were also charged with money laundering and distribution of the rhinoceros horns with knowledge that they would be exported from the United States contrary to law. The rhinoceros horns were exported from the United States to Vietnam and China, where they were carved into drinking cups or ground up for use as "medicine."

In United States v. UBF Group, Inc., the UBF Group, Inc., an import and distribution business located in Walnut, California, pled guilty to two felonies, specifically smuggling 4 million capsules of Harp Seal oil into the United States (the shipments were falsely labeled as fish oil) and smuggling falsely classified Chinese goods into the United State to avoid payment of import duties. Harp Seals are protected by the federal Marine Mammal Protection Act, which forbids importation of any seals or seal parts, except for scientific or educational purposes. By falsely classifying the value of its imported products on customs documents, UBF Group, Inc. avoided payment of at least $119,000 in import duties legally owed on its

Chinese merchandise. Following its convictions, the UBF Group, Inc. was sentenced to pay a total monetary penalty of $1.29 million. The company was ordered to pay a $230,000 fine, to forfeit $941,000 in proceeds derived from criminal activity, and to pay $119,000 in restitution to the United States Customs and Border Protection agency for import duties it avoided as a result of the criminal scheme.

In United States v. Byoungchol Lee and Pacific Coffee Mix Inc., the defendants pled guilty to felony smuggling charges related to four shipping containers of uneviscerated anchovies worth more than $200,000 that they smuggled into the United States from Korea. They are currently awaiting sentencing.

In United States v. Bo Du, the defendant, a Chinese national, was sentenced to one-year probation and a $60,000 fine for participating in a conspiracy to smuggle wildlife and food products into the U.S. from China. Defendant Du was arrested in 2012, detained for ten months, and acted as key cooperator in the investigation that led to the indictment and conviction of three corporations and four individuals. As a result of the seal oil smuggling investigation, the corporate and individual defendants pled guilty to multiple felony and misdemeanor violations related to wildlife smuggling, misbranded food smuggling, and customs duty fraud. Plea negotiations in the related cases resulted in the payment of nearly $2,000,000 in fines and forfeitures by the targeted defendants.

In United States v. Zimerman, former-fugitive Isaac Zimerman was indicted years ago on wildlife smuggling charges and then fled to Israel and on to Mexico. Agents tracked him down in Mexico last year, but unfortunately Mexico only extradited him on two counts of the 13 counts in the indictment. After he was arrested, extradited, and appeared in court back in the United States, Zimerman pled guilty to smuggling Arapaima Gigas (one of the world's largest freshwater fish) from the United States and was sentenced to 12 months and 1-day imprisonment.

In United States v. Société Camard et al., defendants Kimberly Goodwin, the company Société Camard, and Soraya Chouder were charged with conspiracy to mislabel and import wildlife (large sea turtle shells and whale vertebrae) into the United States, and with substantive counts of unlawfully importing wildlife contrary to law. Defendant Kimberly Goodwin is the assistant of Matt Williams, who was charged separately and pled guilty to the same conspiracy in July 2016. Defendant Société Camard is the French shipping company that handled the logistics for shipping the wildlife into the United States. Defendant Chouder works as an export specialist for Société Camard.

In a related case, United States v. Bliss Linens World, LP, and Matthew Williams, the defendants were charged with and pled guilty to conspiring to smuggle wildlife (turtle shells and whale vertebrae) from Europe into the United States. The defendants operate an interior design business that was smuggling rare, large turtle shells and other wildlife and selling the wildlife items as home decorations. More than $90,000 worth of such wildlife was smuggled into the U.S. and mislabeled as other items, such as statues.

Gang Crime

Criminal street gangs bring violence to our communities and drugs to our streets. In 2016, the Office prosecuted more than 100 gang defendants and obtained decades-long sentences against leaders of street gangs ranging from the Mexican Mafia to Florencia 13 to the Five Deuce Broadway Gangster Crips. These prosecutions exemplified the Office's commitment to crippling these criminal organizations by removing their leadership structures from our streets for decades. Our commitment to prosecuting these crimes will continue, as we recognize these prosecutions are an important part of lowering violent crime in our communities.

In United States v. Gutierrez et al., the United States indicted 41 defendants from the El Monte Flores gang ("EMF"), one of the oldest street gangs in Los Angeles County. EMF has hundreds of Mexican Mafia affiliated gang members, spanning several generations. The Mexican Mafia is a powerful and violent prison gang that controls drug distribution and other illegal activities within the California penal system and on the streets of Southern California by organizing Latino street gang members for the purpose of establishing a larger network for the Mexican Mafia's illegal activities. The EMF gang controlled parts of the San Gabriel Valley through violence and intimidation, while deriving profits from its drug-trafficking operations and the scheme of "taxing" persons within the community. The crimes of EMF include drug-trafficking, extortion, theft, robbery, assault, hate crimes against African-Americans, and murder. James "Chemo" Gutierrez of El Monte, who is a Mexican Mafia member and the lead defendant in the indictment, and Kenneth Cofer, also of El Monte, were each sentenced to 180 months in prison.

In United States v. Vera Sr., a longtime member of the Mexican Mafia-affiliated Southside Montebello street gang was found guilty of federal racketeering charges that included providing a firearm used by another gang member to kill a rival. George Vera Sr. was convicted by a federal jury that determined he conspired to violate the Racketeer-Influenced and Corrupt Organizations Act (RICO). The jury also found Vera Sr. guilty of possession of a firearm in furtherance of a crime of violence. Vera Sr. engaged in hiding a firearm with a fellow gang member, provided a firearm to a younger gang member that was used in a murder, stored firearms and ammunition at his home for gang members to use, hosted gang meetings, was involved in the payment of 'taxes' to the Mexican Mafia on the gang's behalf, directed younger members of the gang to protect his home from disrespect from rival gangs, and agreed to lie to his son's probation officer to shield him from prosecution for drug dealing.

In United States v. Dorado et al., a federal jury convicted three men and one woman of the Florencia 13 criminal street gang (F13 Gang) for conspiring to participate in the racketeering activities, related drug trafficking, and firearms offenses. Jose Dorado, Tannous Fazah, Jose Sanchez, all of Huntington Park, and Giselle Casado of Downey, were found guilty of both Racketeer Influenced and Corrupt Organizations (RICO) Conspiracy and Drug Trafficking Conspiracy, the latter being based on the F13 Gang's street sales of illegal narcotics and coordinated operations to smuggle drugs into the Los Angeles County Jail.

Dorado and Fazah alone were found guilty of conspiring to commit a Violent Crime in Aid of Racketeering (VICAR) for a gang-related beating that ultimately led to the death of the victim. Dorado and Fazah also were found guilty of possessing a controlled substance with the intent to distribute it, and of each being a felon in possession of a firearm and ammunition. Additionally, Sanchez was found guilty of possessing a firearm in furtherance of a drug trafficking crime, based on his possession of a handgun at one of the illegal gambling establishments. At the time of sentencing, all defendants will face a statutory maximum sentence of life imprisonment on the RICO Conspiracy and Drug Trafficking Conspiracy counts, as well as mandatory minimum prison terms of 10 years based on the amounts of methamphetamine at issue. Sanchez will face an additional five-year mandatory consecutive term of imprisonment due to his conviction for possession of a firearm in furtherance of a drug trafficking crime.

In United States v. Ojeda, Orange County's oldest ranking member of the Mexican Mafia, Peter Ojeda was charged with extortion, drug sales, racketeering, and inciting violence while already in jail on a previous 14-year sentence for racketeering. Ojeda's ex-girlfriend, Susan Rodriguez, was a co-defendant in the case because of her role in aiding Ojeda's communication while in jail with gang members outside prison. At trial, the Office proved that Ojeda was dangerous and committing criminal offenses while confined within prison. Absent this conviction, Ojeda could have finished his prior 14-year sentence in 2016. Both Ojeda and Rodriguez were ultimately found guilty at trial and were sentenced to 15 years and 6 ½ years, respectively.

In United States v. Martinez, et al., dozens of defendants in the largest racketeering case currently pending in the Central District of California ("CDCA") pleaded guilty and one was convicted on all charges at trial. The guilty pleas included three of the gang's central leaders. Tyrine Martinez, also known as "Lil' C-Bone," of Los Angeles, pleaded guilty to racketeering conspiracy, conspiring to murder a suspected informant, conspiring to traffic crack cocaine, illegally possessing a firearm, and selling crack cocaine near schools. Martinez was among 72 defendants charged in a RICO indictment that targeted the Five Deuce Broadway Gangster Crips, a street gang that has for decades terrorized residents in and around the gang's claimed territory in South Los Angeles and has controlled drug sales in an area near the "Skid Row" district of Los Angeles. The indictment, which represented only the second racketeering case ever charged against a Bloods/Crips gang in the CDCA, outlined two decades of criminal conduct, including murders, robberies, extortion, illegal firearms possession and sales, witness intimidation, and narcotics trafficking. Two other gang leaders named in the 213-page RICO indictment have pleaded guilty as well. Tracy Harris, aka "Woody," of Inglewood, pleaded guilty to racketeering conspiracy, conspiring to sell methamphetamine after having been convicted of a prior drug felony, and selling methamphetamine near schools. Roosevelt Sumpter, aka "TuTu," of Los Angeles,



was sentenced to 20 years after pleading guilty to racketeering conspiracy, conspiring to distribute crack cocaine, illegally possessing a firearm, and selling crack cocaine near schools. Martinez faces a potential life sentence and a mandatory minimum term of 15 years in federal prison, while Harris also faces a potential life sentence and a mandatory minimum sentence of 13 years. Tony Gordon, aka "Wodi," elected to go to trial in December 2016. Following a two-week trial, the jury deliberated for just 25 minutes before determining that Gordon was guilty of every count, every special finding, and the highest quantity of crack cocaine. Specifically, the jury found that Gordon was a member of the Broadway Gangster Crips RICO conspiracy and was liable for the gang engaging in murder, robbery, witness intimidation, and drug trafficking. The jury further convicted Gordon of trafficking over 280 grams of crack cocaine and marijuana. As a result of the convictions, Gordon now faces a mandatory term of life in prison. Of the 72 defendants that were indicted in this case, almost 50 have now pleaded guilty or been convicted at trial. In addition, in order to further dismantle the gang's stranglehold over this South Los Angeles community, AUSAs have required defendants to agree to supervised release conditions that: (1) prohibit them from residing in the gang's territory; and (2) subject them to law enforcement searches at any time.

In United States v. Ramos, a street gang member was sentenced to 14 years in federal prison after being found guilty of two narcotics trafficking charges in relation to the sale of about two ounces of methamphetamine during an undercover investigation. Aaron "Droopy" Ramos a resident of the Florence-Graham district of Los Angeles, was found guilty of conspiracy to distribute methamphetamine and distribution of methamphetamine. A high-ranking member of the 18th Street gang, Ramos was also convicted in relation to a previous fatal drive-by shooting.

In United States v. Castro, a San Jacinto man affiliated with the Riverside San Jacinto First Street gang was sentenced to a decade in prison for his role in methamphetamine trafficking. Luis Miguel Castro, aka "Fat Boy," pled guilty earlier this year to possession with the intent to distribute three large plastic bags containing over a half-pound of methamphetamine, approximately 1,080 days of daily personal use. In the sentencing memorandum, the government said, "Methamphetamine is a highly addictive and harmful controlled substance that wreaks havoc on communities across the country." Prosecutors also argued that Castro was a member of the San Jacinto First Street gang. Castro was the lead defendant in the indictment which also charged four other defendants with distribution of methamphetamine. Three defendants were previously convicted in this case and are currently serving federal prison sentences.

In United States v. Martin, the defendant was sentenced to five years and three months in federal prison for his part in an international money laundering organization that conspired to move more than $15 million dollars in drug money for organizations that included the Sinaloa Cartel. Martin pleaded guilty to conspiracy to launder money and operating an unlicensed money remitting business. The illegal scheme spanned the world and involved operatives in Canada, India, the United States and Mexico who laundered drug trafficking proceeds generated by the sale of narcotics in Canada and the United States for and on behalf of the Sinaloa Cartel and their affiliated drug trafficking organizations. The laundered

money was to have either been transported to the Sinaloa Cartel as profits or reinvested in additional narcotics to be sold and distributed in the United States and Canada.

In United States v. Lafargo, an El Monte man who pled guilty to four separate crimes related to gang activity was sentenced to serve 210 months in federal prison. Christian "Bossy" Lafargo, was sentenced after pleading guilty to multiple charges, including Racketeer Influenced and Corrupt Organizations ("RICO") Conspiracy, Violent Crime in Aid of Racketeering -– Attempted Murder, Violent Crime in Aid of Racketeering – Conspiracy to Commit Murder, and Discharging a Firearm During and in Relation to a Crime of Violence. The case was based on Lafargo's activities in the El Monte Flores ("EMF") gang, one of the oldest street gangs in Los Angeles County. According to the government's sentencing papers, EMF has hundreds of Mexican Mafia affiliated gang members, spanning several generations. The Mexican Mafia is a powerful and violent prison gang that controls drug distribution and other illegal activities within the California penal system and on the streets of Southern California by organizing Latino street gang members for the purpose of establishing a larger network for the Mexican Mafia's illegal activities. If a street gang does not comply with the demands of the Mexican Mafia, the prison gang will order the assault or murder the offending gang's members, whether they are in custody or on the streets. According to the indictment, the EMF gang seeks to control parts of the San Gabriel Valley through violence and intimidation, while deriving profits from its drug-trafficking operations and the scheme of "taxing" persons within the community. The crimes of EMF include drug-trafficking, extortion, theft, robbery, assault, hate crimes against African-Americans, and murder.



In United States v. Loza et al., 51 members and associates of the Whittier-based Canta Ranas Gang were charged in a sweeping indictment that alleged RICO, Violent Crime in Aid of Racketeering ("VICAR"), money laundering, narcotics trafficking, and firearms offenses arising from the criminal enterprise's control of an expansive swath of East Los Angeles. Led by two Mexican Mafia members, including lead defendant Jose Loza, these defendants used repeated acts of violence and intimidation to remove rivals, expand their territories, and protect the large-scale drug trafficking and extortion operations that funded the enterprise's operations. These violent acts included the execution-style murder of a Mexican Mafia member who had fallen into bad standing, the attempted murder of a police officer, and several other murder conspiracies. Three additional defendants were charged in related narcotics indictments.

In United States v. Kelly et al., 29 members and associates of the Eastside and Westside Wilmas Gang were charged with racketeering, firearms, drug trafficking, and witness tampering charges. The Wilmas Gang, which operates under the control of the Mexican Mafia, has conducted a broad array of criminal conduct within its Wilmington-based territory for decades. The indictment alleges numerous violent acts, to include murder, as well as extensive drug trafficking and extortion.

Healthcare Fraud

In 2016, the Office prosecuted medical clinics, doctors, durable medical equipment providers, ambulance services, and other providers who submitted millions of dollars in fraudulent claims. In June, the Office also participated in the largest sweep of health care fraud cases in the nation when it indicted 22 defendants in health care fraud cases involving over $161 million in fraudulent bills to government health care programs, including TRICARE the military's managed care program.

In United States v. Simitian, the former owner and operator of three medical clinics located in Los Angeles was sentenced to 78 months in prison for his role in a scheme that submitted more than $4.5 million in fraudulent claims to Medicare. Hovik Simitian pled guilty to one count of conspiracy to commit healthcare fraud. Simitian and his co-conspirators paid illegal cash kickbacks to patient recruiters who brought Medicare beneficiaries to the clinics, and also billed Medicare for services that were not medically necessary or actually provided. Simitian submitted a total of $4,526,791 in false and fraudulent claims to Medicare and Medicare paid $1,668,559 on those claims. In addition to the sentence, Simitian was also ordered to pay $1,668,559 in restitution to Medicare.

In United States v. Priscilla Villabroza, a Placentia woman was sentenced to 96 months in federal prison related to her operation of a hospice that submitted more than $9 million in fraudulent bills to Medicare and Medi-Cal for purportedly providing end-of-life care to patients who were not actually dying. Priscilla Villabroza was sentenced to an eight-year prison term and ordered to pay $7,433,329 in restitution. Villabroza is one of 10 defendants charged in a fraud scheme run out of the Covina-based California Hospice Care, which Villabroza purchased while under investigation in a prior health care fraud case. Between March 2009 and June 2013, California Hospice submitted nearly $9 million in fraudulent bills to Medicare and Medi-Cal for hospice-related services, and the public health programs paid nearly $7.5 million. All 10 defendants charged in relation to the California Hospice scheme have pled guilty to healthcare fraud charges or were convicted at trial.

Healthcare Fraud is Clearly Not a Victimless Crime

In United States v. Johnson, Dr. Kenneth Johnson, who was at the center of a conspiracy linked to a sham medical clinic in Glendale, California, was sentenced to 9 years in federal prison for his role in a $20 million scheme to defraud the Medicare and Medi-Cal program. Johnson pre-signed thousands of prescriptions that were later used to fill millions of dollars in fraudulent prescriptions for anti-psychotic drugs. Using prescriptions pre-signed by Johnson, employees of the medical clinic generated thousands of prescriptions for identity theft victims--such as elderly Vietnamese beneficiaries of Medicare and Medi-Cal, military veterans who were recruited from drug rehab programs, and denizens of Skid Row.

After the prescriptions were filled at pharmacies and paid for by Medicare and Medi-Cal, they were sold on the black market and redistributed to pharmacies. This case was the first in the nation involving an organized scheme to defraud government health care programs through fraudulent claims for expensive anti-psychotic medications. The Office argued that Johnson used his skill and professional licensure to fraudulently take millions of dollars from programs designed to help the nation's most vulnerable citizens. The United States District Court Judge who sentenced Johnson stated that the sentence was "necessary to deter others from engaging in such conduct, especially physicians."

In United States v. Pogosian et al., two Glendale residents were found guilty of laundering millions of dollars illegally generated by a health care fraud scheme that billed Medicare for equipment and tests that were not medically necessary or sometimes never provided. Edgar Pogosian, also known as Edgar Hakobyan, was found guilty of conspiring to commit money laundering and one count of money laundering, which led to him being sentenced to 18 months in federal prison. Karen "Gary" Sarkissian was sentenced to 57 months in federal prison for conspiring to commit money laundering, six counts of money laundering, and five counts of health care fraud. A total of six defendants in this case were sentenced in relation to the health care fraud scheme involving several medical clinics, durable medical equipment suppliers and independent diagnostic testing facilities.



In United States v. Wijegoonaratna et al., two doctors were found guilty of federal health care fraud charges for falsely certifying that Medicare patients were terminally ill, and therefore qualified for hospice care, when the vast majority of them were not actually dying. Following a two-week trial, the doctors were found guilty of participating in a scheme related to the Covina-based California Hospice Care (CHC). Between 2009 and 2013, CHC submitted approximately $8.8 million in fraudulent bills to Medicare and Medi-Cal for hospice-related services, and the public health programs paid nearly $7.4 million to CHC. Sri Wijegoonaratna, known as Dr. J., of Anaheim, was found guilty of seven counts of health care fraud; and Boyao Huang of Pasadena, was found guilty of four counts of health care fraud and sentenced to four years in federal prison. Four other defendants who were named in a federal grand jury indictment pled guilty to health care fraud charges.

In United States v. State of California ex rel. Gonzales v. Dr. Jasvant Modi et al., a Los Angeles nursing home and two physicians paid over $3.5 million to the United States and nearly $1 million to the State of California to resolve civil allegations that they participated in an illegal patient-transfer scheme that resulted in overpayments by Medicare and Medi-Cal. Between 2008 and 2010, AJIT Healthcare, Inc., doing business as Westlake Convalescent Hospital, allegedly paid illegal kickbacks to a "care consortium" on Skid Row in exchange for patient referrals to Westlake. During that period and after, Jasvant Modi, M.D. allegedly readmitted patients from Westlake to the now-closed Temple Community Hospital and then back to Westlake to extend the patients' Medicare-covered stays at Westlake, knowing the patients

did not require further services at either facility. Meera Modhi, M.D., allegedly signed medical orders for non-payable services for these same patients. The settlement resolves allegations initially made in a whistleblower lawsuit filed under the qui tam provisions of the civil False Claims Act by a former employee of Westlake.

In United States v. Michael Huynh, an office manager and part-owner of a medical clinic was convicted for his role in a health care fraud scheme and for filing false income tax returns. Michael Huynh of Encino, was convicted of one count of conspiracy to commit health care fraud and 11 counts of filing false tax returns. Huynh provided false prescriptions to a pharmacist and co-conspirator, Farhad N. Dany Sharim, who submitted false claims to insurance companies for drugs that were never dispensed. Once Sharim received payments from the insurance companies, he paid Huynh for the false prescriptions. Between January 2004 and November 2009, Huynh received 82 checks from Sharim totaling over $1.1 million. Huynh filed false federal tax returns for tax years 2007 through 2011 that underreported by over $1.6 million in total the medical clinic's gross receipts and sales on the corporate tax returns and income on the individual tax returns.

In United States v. Valery Bogomolny, Valery Bogomolny, owner of a durable medical equipment supply company, was sentenced to 60 months in prison, followed by 3 years of supervised release, and was ordered to pay $1,266,860 in restitution. Bogomolny was convicted on six counts of health care fraud. The charges stem from Bogomolny's ownership of Royal Medical Supply, a durable medical equipment supply company, which submitted more than $4 million in claims to Medicare. Bogomolny used his company, Royal Medical Supply, to bill Medicare for power wheelchairs, back braces and knee braces that were medically unnecessary, not provided to beneficiaries or both. The evidence further showed that Bogomolny created false documentation to support his false billing claims, including creating fake reports of home assessments that never occurred. Power wheelchairs were delivered to beneficiaries who were able to walk without assistance. In other cases, Bogomolny signed documents stating that he had delivered equipment then, in fact, the equipment was not actually delivered.

In United States v. Gomez, a member of the International Longshore and Warehouse Union (ILWU), Local 13, was convicted by a federal jury on federal fraud charges for causing two medical clinics to bill the union's health care plan for chiropractic services that were not provided or were not medically necessary. David Gomez of San Pedro, was convicted by a jury in Los Angeles on 20 counts of mail fraud. The ILWU represents dockworkers at the ports of Los Angeles and Long Beach. Members of the union receive benefits, including health care benefits, through the ILWU-Pacific Maritime Association Welfare Plan. According to the evidence presented at trial, Gomez and his co-defendant, Sergio Amador, opened a clinic in Long Beach in 2009 that operated under the name Port Medical and provided medical and chiropractic care. The next year, they opened a second clinic operating under the same name in San Pedro. Gomez and Amador also created medical management companies that they used to receive funds generated by the medical clinics, which they then used to pay themselves and to pay incentives to ILWU members to use, and encourage other ILWU members to use, the Port Medical clinics. These incentives were often paid as "sponsorships" of basketball or softball teams, with the understanding that the ILWU

member receiving the "sponsorship" would visit, and encourage other team members to visit, Port Medical. Over the life of the fraudulent scheme, the medical management companies controlled by Amador and Gomez received at least $3 million that derived from funds paid by the Welfare Plan to Port Medical.

In United States v. Hong, a Brea man who operated rehabilitation clinics in Walnut, Torrance and Los Angeles was convicted by a federal jury of defrauding Medicare out of millions of dollars. Simon Hong (who is also known as Seong Wook Hong) was convicted of eight counts of healthcare fraud, nine counts of illegal kickbacks related to healthcare referrals and two counts of aggravated identity theft. The scheme revolved around clinics operated by Hong's companies called Hong's Medical Management, Inc., CMH Practice Solution, and HK Practice and Solution, Inc. According to the evidence presented at trial, Hong conspired with others to submit false claims to Medicare. As part of the scheme, Hong recruited Medicare beneficiaries and provided uncovered services like massage and acupuncture for them. Even though the beneficiaries did not receive actual physical therapy, the co-conspirators billed Medicare for physical therapy, and then funneled 56 percent of the reimbursement funds back to Hong. Through this scheme Hong and his co-conspirators billed Medicare from the spring of 2009 until November 2013 and received approximately $2,929,775 in reimbursements, of which Hong received approximately $1,640,674. Hong will face a statutory maximum sentence of 129 years in prison and a mandatory minimum sentence of two years in prison.

In United States v. Sledge, a former sales representative for AFLAC was found guilty of federal fraud charges stemming from a scheme that bilked the insurance company out of $4 million with fake disability claims. Patricia Diane Smith Sledge of Redlands, was convicted in the scheme involving fictitious employers and "employees" who falsely claimed to have suffered injuries that prevented them from working. The evidence presented at trial showed that Sledge, who was residing in Irvine while working for the company formally known as American Family Life Assurance Company, sold disability insurance policies to bogus companies and people who supposedly worked for those companies. Sledge then orchestrated the filing of fraudulent disability claims and directed the purported employees to doctors that would sign off on the fake injury claims. Sledge made money both from the commissions related to the sale of the fraudulent insurance policies and from kickbacks she received from the supposedly injured "employees." Sledge was also found guilty of witness tampering for encouraging potential witnesses to lie to federal investigators and discouraging them from cooperating in the investigation. Both counts related to conduct after Sledge became aware of the federal investigation, and one count stemmed from conduct after she was indicted in this case and freed on bond in 2012. At the conclusion of a two-week trial, the jury convicted Sledge of six counts of mail fraud. The jury also found that Sledge committed two counts of witness tampering while on bond in this case.

In United States ex rel. Berntsen v. Prime Healthcare Services et al., the United States intervened in a lawsuit, brought under the qui tam provisions of the civil False Claims Act, against Prime Healthcare Services Inc.; the company's founder and chief executive officer, Dr. Prem Reddy; and 14 Prime hospitals in California that alleges Emergency Departments at Prime facilities improperly admitted patients to the

hospitals and submitted false claims to Medicare. In particular, the lawsuit alleges that Reddy directed the corporate practice of pressuring Prime's Emergency Department physicians and hospital administrators to raise inpatient admission rates, regardless of whether it was medically necessary to admit the patients. The lawsuit alleges that Prime's corporate officers, at Reddy's direction, exerted immense pressure on doctors in the Emergency Departments to admit patients who could have been placed in observation, treated as outpatients, or discharged. As a result of these medically unnecessary admissions from the Emergency Departments, Prime hospitals allegedly submitted false claims to federal health care programs, such as Medicare. The case was originally filed by a former employee of one of the Prime hospitals where the improper inpatient admissions allegedly took place.

In United States v. Svadjian, a medical doctor who was facing charges in a federal health care fraud case when he fled the United States 14 years ago and faked his own death in Russia pled guilty to federal charges related to his flight from justice. Tigran Svadjian, a naturalized U.S. citizen originally from Armenia who was residing in Newport Beach prior to fleeing the country in September 2002, pleaded guilty to unlawful flight to avoid prosecution, the sole count in an indictment that was returned by a federal grand jury. In a case filed in 2002 in Sacramento, Svadjian was charged in a scheme to defraud Medi-Cal by submitting bills for tests that had not been performed, in many cases because the "patients" were dead. On October 24, 2002, the United States Embassy in Moscow received notification that Svadjian had died of pneumonia and that his body had been cremated. The Embassy issued a report documenting the death. In January 2013 after lengthy and unsuccessful attempts to locate Svadjian or to obtain further confirmation of his death, prosecutors in the Eastern District of California dismissed the health care fraud case. During his change of plea hearing, Svadjian admitted that he paid a Russian police officer in 2002 to fake his death. Soon after, Svadjian relocated to Hurghada, Egypt, where he occasionally worked as a scuba instructor. Svadjian was taken into custody by authorities and was deported to Egypt by Ukrainian authorities after they determined he was travelling on a fraudulent Lithuanian passport. Egyptian authorities discovered in his residence an old United States passport with his true name, and he was subsequently sent to the United States to face this prosecution.

United States v. Morrow, a Rancho Mirage cosmetic surgeon pleaded guilty in a scheme to defraud health insurance companies by submitting bills for more than $3.4 million for procedures that he claimed were "medically necessary" – but in fact were cosmetic procedures such as "tummy tucks," "nose jobs" and breast augmentations. Dr. David M. Morrow, a cosmetic surgeon and dermatologist who was the owner of The Morrow Institute (TMI), pleaded guilty to one count of conspiracy to commit mail fraud. In a plea agreement, Morrow admitted that he participated in a scheme to obtain money from insurance companies by false or fraudulent pretenses, which included submitting altered documents to the insurance companies. Morrow admitted that cosmetic surgeries were billed to insurance companies under the pretense that the procedures were "medically necessary" so that insurers would pay for them.

Human Trafficking and Crimes against Children

Human trafficking, also known as trafficking in persons or modern-day slavery, is a crime that involves the exploitation of a person for the purpose of compelled sex or labor. American citizens, foreign nationals, and, perhaps most heinous of all, children have been forced to participate in prostitution, child pornography, and illegal commercial sex. Often, the perpetrators use coercive measures such as violence, mental abuse, bribery, and threats to ensure their victims continue to be trafficked. The Office participates in a number of Human Trafficking Task Forces in the Central District to exchange information about ongoing investigations, review and assign responsibility for looking into trafficking complaints and tips, and discuss general trends observed in trafficking activities – all of which has led to greater coordination and collaboration among federal, state, and local law enforcement agencies, along with NGOs. During the past year the Office secured decades-long prison sentences against many defendants whose truly vile crimes ranged from sex trafficking minors to the production and possession of child pornography. Each one of these cases protected the children in our society from these criminals for many years to come.

In United States v. Carter, a Gardena Crip gang member was found guilty of sex trafficking seven girls. Known under the name "Birdd," Carter trafficked young girls over the course of a decade and transported them from California to Texas, Arizona, Georgia, Washington DC, and Nevada. The case began when one of his young victims was rescued in 2013. Based on further investigation, law enforcement located several additional victims. Carter subjected the girls, one as young as 13, to beatings and forced them to stay and obey his rules. Carter also branded several of them with his "logo," a tattoo of a bird. During the trial, six of Carter's victim testified against him. Carter was sentenced to 40 years in federal prison and ordered to pay $631,248 in restitution.

In United States v. Rahh Potts et. al, a man who trafficked a 17-year-old girl from Nevada to Southern California and forced her to work as a prostitute was sentenced to 87 months in federal prison. Kenyati Jakeen Rahh-Potts of Hahira, Georgia, pleaded guilty to one count of sex trafficking. A second defendant in the case – Tabitha Samaria Walls of Elk Grove, California – was sentenced to 27 months in prison after pleading guilty to conspiring to engage in sex trafficking. Rahh-Potts and Walls trafficked the victim from Las Vegas to California and forced her to engage in acts of prostitution in Los Angeles, Hollywood, Pomona and Ontario over an 11-day period in 2013. Rahh-Potts and Walls, who were living in Apple Valley when they were arrested in August 2013, created online advertisements on backpage.com to prostitute the victim and then took all of the money that the child earned through the acts of prostitution.

In United States v. O'Neill, James Gregory O'Neill, a Riverside resident, pled guilty to possession of child pornography and, given that O'Neill was previously convicted twice for possessing child pornography, faced the mandatory minimum 10-year prison term. Despite his prior convictions, O'Neill continued to victimize children by creating a market for child pornography, resulting in him pleading guilty to possessing 97 images of child pornography on an SD memory card.

In United States v. Boyajian, a Bay area man was convicted of travelling abroad with the intent to engage in illicit sexual conduct, engaging in illicit sexual conduct with a minor in foreign places, and engaging in these acts while being required to register as a sex offender. Boyajian was arrested by Cambodian police in 2009 during his 36th trip to Asia in a nine-year period. His frequent visits to the continent began shortly after his parole ended in 1996 for charges of illegal sex with a minor and oral sex with a minor. His victims were four young girls who ranged from 8-11 years old. Boyajian paid pimps and the victims' family members to have access to these young girls and other children in the area. Due to the extent of his crimes, he was sentenced to 70 years in federal prison following a six week trial that took place in early 2016.

The Protection of Children from Exploitation is a Top Priority, and We will Pursue Pedophiles Across the Globe, if Necessary

In United States v. Crouch, a man who responded to an Internet advertisement to have sex with a young girl pleaded guilty to a federal obscenity charge. Joshua Paul Crouch, of San Pedro, was charged with attempted sex-trafficking of a minor. This is one of the first prosecutions in Los Angeles under a recent change to the federal sex-trafficking statute, 18 U.S.C. 1591, which now subjects anyone who solicits a minor to engage in a commercial sex act to a mandatory term of imprisonment.

In United States v. Kampmeyer Jr., a registered sex offender from Canyon Country was sentenced to a decade in federal prison and ordered to serve 40 years of supervised release for one count of possession of child pornography. Paul Frederick Kampmeyer Jr., admitted to possessing over a hundred images of minors engaging in sexually explicit conduct. Kampmeyer, who was previously convicted in state court for possessing child pornography, used his cell phone to send a text message that contained a sexually explicit image of a man and a young child. During the execution of a federal search warrant, agents seized two mobile phones with approximately 124 images of child pornography that had been transmitted over the Internet. In addition to his sentence, Kampmeyer was also ordered to pay restitution to the victims.

In United States v. Quinn, a former Rugby player and geneticist was sentenced to 12 years in federal prison for traveling to Los Angeles to engage in illicit sexual conduct with a 6-year-old boy. Michael Quinn of Melbourne, Australia, was arrested when he arrived at a Los Angeles-area hotel to purchase a 6-year-old boy for sex. Quinn pled guilty to agreeing to pay a human trafficker (who



happened to be an undercover agent) $250 to provide him with a young boy with whom he could engage in illicit sex.

In United States v. Paul Charles Wilkins, a British man who travelled to the Coachella Valley to have sex with pre-teen boys pleaded guilty to transportation of child pornography and agreed to a 13-year sentence. Wilkins traveled from the United Kingdom to the United States in January 2016 for the purpose of having sex with two brothers, 10 and 12 years old. After his arrival in the United States, Wilkins attempted to solicit a 9-year-old boy for anal intercourse in exchange for $250. Wilkins also brought child pornography from the United Kingdom into the United States, including graphic sexual images of boys between the ages of 5 and 8 years old.

In United States v. Salguero, a Salvadoran national from Van Nuys was sentenced to 145 months in federal prison and 15 years of supervised release after being convicted of using the Internet to distribute child pornography. Denis Aviles Salguero was found guilty of 17 counts of distributing child pornography, one count of receiving child pornography and one count of possessing child pornography. The evidence presented at his trial showed that Salguero traded child pornography with others, sharing images in his possession to obtain new pictures and video files. The case against Salguero stemmed from him uploading more than a dozen images of child pornography to a Yahoo usergroup page. Yahoo reported the postings to the National Center for Missing and Exploited Children, which alerted law enforcement officials. Authorities executed a search warrant at Salguero's residence and recovered a laptop computer that showed Salguero had used email to receive and send child pornography on numerous occasions. An examination of the laptop revealed 402 still images and 67 videos depicting child pornography, most of which involved boys between the ages of 6 and 14. Some of the images and videos were of boys being molested and raped.

In United States v. Harper, a Moreno Valley man was sentenced to nearly two decades in federal prison for advertising child pornography in a members-only online chatroom for people with a sexual interest in infants and toddlers. Angelo Harper Jr. was sentenced to 235 months in prison and lifetime supervised release after he pleaded guilty to distributing child pornography and possessing child pornography. The evidence presented at trial showed that Harper used the Kik Messenger social media platform to access a chatroom for those interested in nepiophilia, which is a sexual interest in infants and toddlers. An undercover agent entered the chatroom using an undercover Kik account, and accessed several postings about child pornography – made by an individual later identified as Harper – which included images depicting child pornography and a link to an explicit video.

In United States v. Sutton, a Compton man who admitted to sex trafficking a 15-year-old girl, subjecting her to a month of sexual abuse, and advertising the victim as a prostitute was sentenced to 160 months in federal prison. Darrius Marques Sutton, also known as "Biz," would have received a longer sentence had he not been sentenced previously to more than four years in state prison on related pimping charges. In the federal case, Sutton pleaded guilty to one count of sex trafficking of a child. Over the course a month, Sutton "repeatedly engaged in violent sexual assaults on young women, and [he]

appears to have taken delight in subjecting his victims to inhumane and humiliating treatment while breaking them into his stable of prostitutes." The federal case followed a state court prosecution of four men in which Sutton was convicted of conspiracy to pimp a minor.

In United States v. Jeanes, defendant was sentenced to 87 months in federal prison for amassing a collection of more than 20,000 images and videos of child pornography that he made available to others via the BitTorrent peer-to-peer file-sharing system. Following the completion of his prison term, Jeanes will be on supervised released for the rest of his life. Jeanes pleaded guilty to one count of receiving child pornography. In a plea agreement, Jeanes admitted possessing approximately 19,885 images and approximately 243 videos of child pornography. In relation to the charge of receiving child pornography, Jeanes admitted receiving child pornography on his laptop computer, specifically two videos depicting graphic images of child molestation. An undercover law enforcement officer also used BitTorrent to download more than 2,800 images and videos of child pornography from Jeanes' computer and two hard drives.

In United States v. Petlak, a West Los Angeles man who previously worked as a teacher's assistant was sentenced to 96 months in federal prison for distributing child pornography via a peer-to-peer file-sharing system on his computer. The images involved in this case depicted children under the age of 15, including child images deemed to be "sadistic" under the federal sentencing rules. In a plea agreement filed with the court, Petlak admitted that, on multiple dates, he used peer-to-peer software on his computer hard drive to share graphic images of child molestation.

In United States v. Peeters, a man who traveled to Cambodia to engage in sexual activity with at least five boys was sentenced to 264 months in federal prison after the court heard from four of the victims. Erik Leonardus Peeters was sentenced to federal prison and ordered to pay $15,000 in restitution to his victims. Upon completion of his prison term, Peeters will also be subject to supervised release for the rest of his life. Peeters pleaded guilty to two counts of engaging in illicit sexual contact with a minor in a foreign place. According to court documents filed in the case, Peeters traveled to Cambodia in April 2008 and within two months began seeking out youths for sex, targeting victims who were destitute and often disabled. During the sentencing hearing, four of Peeters' victims, who are now young adults, described their feelings of fear and shame stemming from their encounters with Peeters, as well as the shame and social stigma their families also suffered. "I'm fearful, and I'm still ashamed," one man said.

In United States v. Meyerett, a San Bernardino man was sentenced to 20 years in federal prison for production of child pornography, including a sexually explicit pictures of a 5-year-old girl. Following his release from custody, Meyerett will be on supervised release for 20 years. Meyerett pleaded guilty in June to the production of child pornography in a case that arose from an undercover investigation by the Queensland (Australia) Police Service. According to court documents, Meyerett discussed sexually molesting a 5-year-old girl, and a subsequent search of an online account by federal law enforcement yielded child pornography depicting the young victim.

In United States v. Klink, the defendant was sentenced to 20 years in federal prison for possession of child pornography. Klink had previously been convicted by the United States Attorney's Office for possession of child pornography. In 2007 he was sentenced to eight years in prison. After commencing his supervised release, law enforcement received evidence that Klink once again possessed child pornography, including pornographic images of a minor relative.

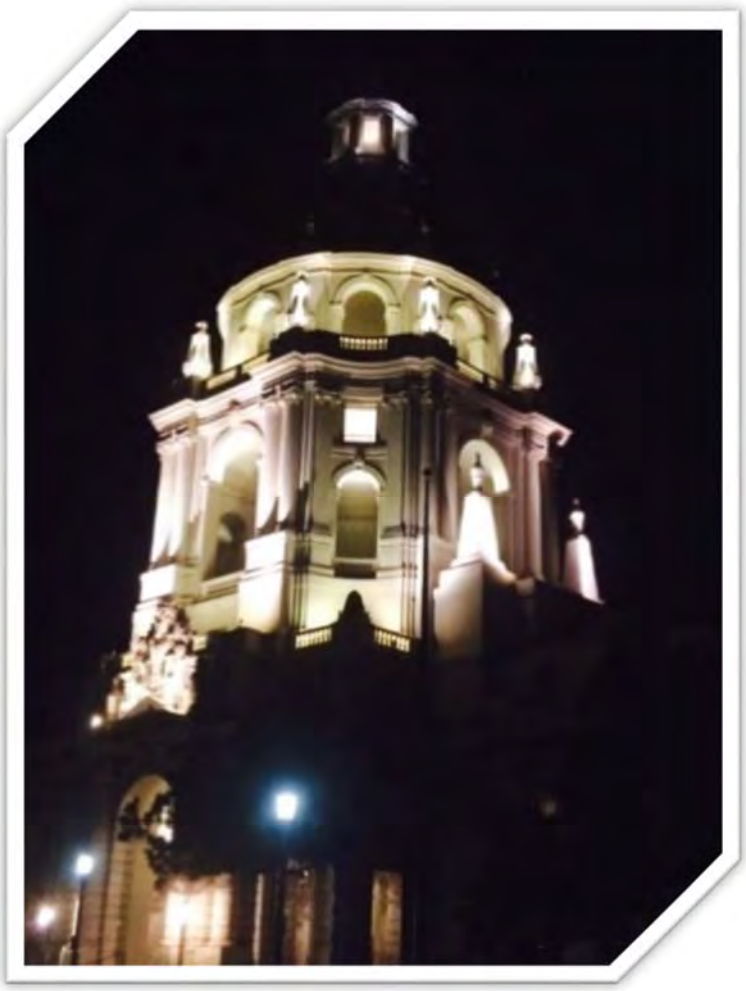
In United States v. Phillips, a local man who coached a Long Beach youth soccer team was charged in a six-count federal indictment that accuses him of possessing and distributing child pornography. Robert "Bob" Warden Phillips served as a volunteer for the American Youth Soccer Organization (AYSO), coaching 12- to 14-year-old girls. The charges against Phillips are the result of a probe by the multiag ency Orange County Child Exploitation Task Force which began investigating Phillips after receiving multiple tips from the National Center for Missing and Exploited Children (NCMEC) about sexually explicit images of minors associated with an email address that traced back to the defendant. In June 2015, Task Force investigators executed a search warrant issued by a state court judge at Phillips' Lake Forest home, at which time they seized three computers, an iPad, an iPhone, and several media devices. The indictment alleges two of the computers and a thumb drive were found to contain images of child pornography. According to the affidavit filed in support of the search warrant, HSI obtained records of online instant message chats in which the defendant fantasized about young female soccer players and discussed grooming and molesting girls as young as 14.

United States v. Christopher Robin Coates, a man who resided in Carpinteria was indicted by a federal grand jury charging him with producing, receiving, distributing and possessing child pornography in 2015 – crimes he allegedly committed soon after completing a state prison term as a result of other child pornography offenses. Coates was taken into federal custody by federal authorities after the grand jury charged him. Coates was turned over by local authorities in Santa Barbara County, where an extensive investigation occurred resulting in him being charged by the Santa Barbara County District Attorney's Office with multiple child exploitation crimes. The District Attorney's Office later dismissed those state charges after the federal indictment was filed – an indictment that brings the possibility of a life sentence for Coates. He is specifically charged with two counts of producing child pornography by using Kik Messenger to entice two minor boys to engage in sexually explicit conduct in 2015. Coates also is charged with two counts of receiving child pornography after enticing the victims to engage in the illicit conduct. The indictment further charges Coates with three counts of using Kik Messenger to distribute child pornography (one count involves one of the victims allegedly enticed by Coates to send images), and one count of possessing child pornography involving a victim under the age of 12.



In United States v. Salling, actor Mark Wayne Salling was charged in a federal indictment with receiving and possessing child pornography on his laptop computer and a flash memory drive. Salling, who is best known for his role as Noah Puckerman on the television show "Glee," was named in a two-count indictment returned by a federal grand jury. The indictment specifically alleged that Salling used the Internet to receive a still image and a video depicting child pornography on December 26, 2015. The image and video depict young girls. The second count in the indictment charged Salling with possessing two videos depicting child pornography on December 29, 2015. The images and video also depict young girls. The laptop, a hard drive, and a USB flash drive seized from Salling's residence contained thousands of images and videos depicting child pornography, according to investigators.

In United States v. Keith Preston Gartenlaub, the defendant was convicted after a jury trial of receipt and possession of child pornography. Defendant's residence and storage units were searched in 2014, and four hard drives containing child pornography in carefully organized folders were found as well as evidence of downloading the images using peer-to-peer software. Defendant was sentenced to a term of imprisonment of 41 months.



Identity Theft

Protecting citizens' personal identifying information is a priority of the U.S. Attorney's Office, which has investigated and prosecuted the unlawful possession and use of this information to commit additional criminal offenses, including fraudulently obtaining credit and tax refunds.

In United States v. Jackson, a Riverside woman was convicted on federal identity theft charges for stealing the identities of over 50 patients of a residential medical facility in Long Beach. Bridgette Jackson was convicted for conspiring to possess more than 15 identities, possessing more than 15 identities, and aggravated identity theft. Jackson's aunt was an employee at the residential medical facility and had access to patients' personal files. Jackson received personal information from her aunt on multiple occasions, and when police searched her home, they found 56 medical records and 70 other identity profiles. Jackson was sentenced to five years in federal prison, and was also ordered to serve three years of supervised release following her release from prison.

In United States v. Kechedzian, a Studio City man was convicted of stealing credit card information from gas stations in Ventura and Los Angeles counties. Kechedzian was charged and convicted of two counts of aggravated identity theft. He was found with two USB flash drives containing over 1400 profiles of stolen credit card information. During a search of his home, investigators also found a skimming device that is installed at gas stations to steal credit card information from anyone using that pump. As a result, Kechedzian was sentenced to 65 months in federal prison and was ordered to pay restitution of $114,153 to victim financial institutions that suffered losses when the stolen credit card numbers were used for fraudulent purchases.

In United States v. Cotton, a Hacienda Heights man already serving a 27-month prison term for fraudulently seeking tax refunds was sentenced in a second case to an additional two years in federal prison for his role in another scheme that used stolen identities to seek more than $2.6 million in false tax returns from the Internal Revenue Service. Adel Cotton pled guilty to one count of conspiracy to defraud the United States by obtaining the payment of false claims, namely tax refunds. Cotton caused at least 275 fraudulent income tax returns to be filed with the IRS. Those fraudulent returns sought income tax refunds totaling more than $2.6 million. Cotton was sentenced to 51 months in federal prison, and the judge ordered that 27 months be served concurrently with the prior case. In addition to the prison term, Cotton was ordered to pay $725,294 in restitution to the IRS.



In a series of cases including United States v. Galstyan, United States v. Stepanyan, United States v. Tabadzhyan, United States v. Khachkalyan, United States v. Astvatsatryan, and United States v. Avagyan, federal prosecutors secured guilty pleas from seven defendants who participated in a large-scale international identity theft scheme that laundered more than $14 million in fraudulently obtained tax refunds by using bogus Republic of Armenia passports. Special agents with IRS Criminal Investigation posted a forfeiture notice on a Woodland Hills residence that prosecutors are seeking to forfeit based on allegations that it was purchased with illegally obtained money. A month prior, the United States Attorney's Office filed a civil asset forfeiture lawsuit against three Van Nuys properties and alleged criminal forfeiture against the Woodland Hills property, which cumulatively have more than $1 million in equity. According to the civil complaint, some of those properties were purchased with cash with fraudulent Armenian passports used as identification. And, in a third development stemming from the investigation, a federal grand jury in Santa Ana returned an indictment charging an eleventh defendant with mortgage fraud, bank fraud, and aggravated identity theft. While not directly related to the stolen identity refund fraud (SIRF) case, Aramais Airapetian, 24, of Woodland Hills, was charged as a result of the same investigation with using fraudulent documents, including fake pay stubs and altered bank statements, to obtain a mortgage from loanDepot.com. Criminal forfeiture is also alleged against the Woodland Hills house that Airapetian allegedly purchased using the mortgage proceeds he fraudulently obtained.

Fraud Schemes and Identity Theft Often Target the Most Vulnerable in our Community.

In United States v. Shoshani, Yair Shoshani was sentenced to 60 months in prison for orchestrating a bust-out scheme using hundreds of synthetic identities and shell companies which netted him and his co-conspirators at least $4.5 million. As part of his plea agreement, Shoshani agreed to forfeit five condominiums in Los Angeles, about $1.2 million in cash and U.S. bank accounts, and about $3.4 million in Swiss bank accounts. The total value of the criminal forfeitures is over $6.6 million.

Intellectual Property Crimes

Intellectual property drives much of the economy in the Central District. Whether in the form of movies, music, video games, "apps," or trade secrets, jobs and industries rely on intellectual property for their value. The Office therefore prioritizes prosecuting intellectual property offenses, particularly where health and safety are at issue.

In United States of America v. Derek Wai Hung Tam Sing, an electrical engineer from Glendale was found guilty of stealing trade secrets belonging to his former employer and distributing the proprietary material to three competitors. Sing, 44, worked at the Pasadena-based company Rogerson Kratos (RK) in 2012. Until the aircraft avionics company fired him, Sing had access to RK trade secrets, and he signed a confidentiality agreement that prohibited him from disclosing any confidential information and trade secrets that belonged to the company. However, Sing sent the stolen trade secrets to other companies that produced avionics, including a company outside of the U.S. Sing illegally sent seven schematics to three different companies, and he illegally possessed four of those schematics. Sing was convicted on 32 counts of violating the Economic Espionage Act and sentenced to serve one year in prison.

In United States v. Morarity, a Lancaster man was sentenced in federal court for criminal copyright infringement for illegally posting screener versions of two movies – "The Revenant" and "The Peanuts Movie" – to a publicly accessible website. As a result of the illegal upload, "The Revenant" was available for download six days before its limited release in theaters and more than 1 million people were able to download the film within a six-week period, which caused Twentieth Century Fox Film Corporation to suffer losses of well over $1 million. William Kyle Morarity, 31, who used the screen name "clutchit," pled guilty to felony copyright infringement and was sentenced to eight months' home detention and 24 months' probation. He was also ordered to pay $1.12 million in restitution to Twentieth Century Fox. Morarity obtained the screeners without authorization while at work on a studio lot. He copied the screeners onto a portable drive and uploaded the movies from his home computer onto a BitTorrent website called "Pass the Popcorn," which allowed a peer-to-peer sharing.

In United States v. Chih Hsuing Chiang, the government obtained the conviction of defendant Chiang, the owner of Marksmen Media, a CD-manufacturing company located in Pomona, California. After a lengthy investigation including undercover work and warrants, Chiang admitted to illegally copying at his manufacturing facility thousands of copyrighted music CDs, many featuring the music of Spanish-language recording artists. He pled on July 22, 2016 to illegally manufacturing 17,000 copies of copyrighted music over one 6-month period in 2015 with retail value of over $250,000 and agreed to restitution of over $100,000 to the Recording Industry Association of America.

Investment Fraud

The Office has a long history of prosecuting those who engage in investment fraud. In 2016 we continued this history by investigating and prosecuting a wide variety of schemes designed to fraudulently obtain investors' money, including purported investments in movie productions, gold, ATM machines, and real estate. These cases are uniquely complex, resulting in hundreds of millions of dollars in losses to investors.

In United States v. Cheong Wha "Heywood" Chang and Toni Chen, a Hacienda Heights couple pled guilty to participating in a scheme that generated millions of dollars by soliciting investments in a company that purportedly offered children's educational courses – but in reality was a pyramid scheme designed to generate revenue by adding new investors. Chang and Chen each pled guilty to one count of wire fraud and admitted that they made materially false representations and omissions in order to induce people to invest in a series of Hong Kong-based companies, collectively known as CKB. With other names that included WIN168 Biz Solutions, Ltd.; CKB168 Ltd.; and Cyber Kids Best Education Limited, these companies claimed to generate substantial profits from the sale of web-based children's educational courses. The scheme operated from at least 2012 through 2014. Authorities have yet to accurately determine the amount of losses suffered by victims in this CKB scheme, but in their plea agreements Chang and Chen admitted that they received approximately $2 million as a result of the fraud scheme.

In United States v. Packard, one of the owners of a now-defunct Southern California real estate investment firm was sentenced to 30 months in federal prison after pleading guilty to participating in a fraudulent scheme that ended with the bankruptcy of the company and hundreds of investors collectively losing as much as $169 million. John Packard of Long Beach, pled guilty to one count of mail fraud, admitting that he and his business partner, Michael J. Stewart, bilked investors in Pacific Property Assets (PPA). PPA and a group of related companies filed for bankruptcy. When the bankruptcy was filed, PPA stated that it owed 647 private investors more than $91 million, and it owed banks approximately $100 million. The judge ordered Packard and his business partner, Stewart, to collectively pay $9,234,914 in restitution to 120 victims.



In United States v. Lampariello, a former Newport Beach resident was sentenced to 121 months in federal prison for running a Ponzi scheme that defrauded over 700 investors of nearly $49 million. Over 11 months in 2008 and 2009, Joseph J. Lampariello, misappropriated funds invested and used the money to make Ponzi payments to prior investors and to pay his own administrative fees. Aside from the prison term, Lampariello was also ordered to pay $39,961,859 in restitution.

In United States v. Davis, a former businessman was sentenced to 60 months in federal prison for conspiring to sell unregistered securities which generated $1,663,190 in illegal profits and a related tax fraud charge. Mervin Barclay Davis was also ordered to pay restitution of $225,000 to investor victims and $466,500 to the Internal Revenue Service. Beginning in 2005 and continuing through 2007, Davis conspired with others to sell unregistered stock through his affiliation with Clearvision, Inc., which purported to be a public relations and media company that specialized in promotional videos for small to mid-sized companies. Clearvision often received unregistered stock as payment for its services from its corporate clients. Davis and others at Clearvision identified small, private companies interested in raising capital, including Powerlock International (Powerlock) and International Telecommunications, Inc. (ITLS). Davis offered to take the companies public through mergers with publicly traded shell companies. Davis and others told these companies that Clearvision could help them obtain new investors and funding for their business. As part of this arrangement, Davis required that the companies provide him and Clearvision with shares of company stock.

In United States v. David Williams, defendant David Williams, the former president and CEO of the Sherman Oaks-based broker-dealer Morgan Peabody, Inc., was sentenced to 15 years in prison on wire fraud and tax charges. In May 2015, in the midst of a jury trial, Williams pleaded guilty to three counts of wire fraud and two counts of tax evasion. As part of his plea agreement, Williams admitted that he directed Morgan Peabody representatives to sell securities in a fund that Williams personally had created, The Sherwood Secured Investment Fund, LLC, purportedly to invest in real estate and offering a 9 percent annual return on investment. Williams used the majority of the $3.75 million investors put in the Sherwood Fund to pay for personal expenses, including lavish vacations and a $50,000/month lease on a $6 million residence in Toluca Lake. Defendant moved to withdraw his plea in January 2016; the motion was denied after an evidentiary hearing at which defendant and his trial counsel testified. At sentencing, defendant Williams was held responsible not only for the Sherwood Fund that he misappropriated, but also for funds from two additional securities offerings that he created, for a total of almost $6 million in investor funds that he misappropriated for personal use from three securities offerings. Williams was also found to have obstructed justice by lying to the Securities & Exchange Commission in its investigation of the offerings, and lying to the Judge and the Probation Office in seeking to withdraw his guilty plea.

In United States v. Gillis and Wishner, defendants Joel Barry Gillis and Edward Wishner offered a sale/leaseback investment in ATM machines that did not exist for more than a decade. The Ponzi scheme that Gillis and Wishner ran was one of the largest ever seen in this district and caused devastating financial harm to myriad investors. When their scheme collapsed in September 2014, nearly 1300 victim

investors lost in aggregate over $134 million. Gillis and Wishner induced their victims to invest large amounts of money in their fraudulent ATM-sale leaseback program by lying to the investors about what they were investing in and how their money was going to be actually used. Gillis and Wishner were sentenced to terms of imprisonment of ten and nine years respectively, and ordered to pay an aggregate amount of restitution of $124,542,945.

In United States v. Stephen Young Kang, an attorney who pleaded guilty to wire fraud and tax evasion charges – and who prosecutors say defrauded a dozen clients out of at least $8 million in an investment fraud scheme – was sentenced to 63 months in federal prison. During the sentencing hearing, several of Kang's victims described in detail the devastating financial and emotional impact of the fraud scheme. Two of the victims commented that Kang's fraud led to the "darkest years" of their lives. Kang pleaded guilty to two counts of wire fraud and one count of tax evasion. When he pleaded guilty, Kang admitted to orchestrating a three-year-long scheme that defrauded clients who had engaged the attorney to provide legal or investment services. Prosecutors said that Kang used his position as an attorney to gain the trust of his clients, and then Kang bilked them in a Ponzi-like scheme in which none of the money designated for investments was actually invested. Kang specifically admitted that he defrauded a food distribution company, Ottogi America, Inc., which had hired him to help the company purchase properties near its distribution center in Gardena. Ottogi wire transferred funds to a trust account in Houston, Texas, to be used for the purchase of the properties. But Kang admitted that he did not use the money to invest in properties. Rather, Kang admitted that he caused the funds to be transferred to other bank accounts that he controlled. Prosecutors argued in court that Kang used a substantial portion of Ottogi's funds to pay for personal expenses and business ventures, as well as to make partial payment to other victims.

In United States v. Bruce Sands, a businessman who prosecutors believe defrauded more than 300 investors in a precious metal investment scam pled guilty to federal fraud and money laundering offenses in a case that caused victims to lose nearly $11 million. Bruce R. Sands Jr. pleaded guilty to four counts of mail fraud, five counts of wire fraud and two counts of money laundering. Sands owned Superior Gold Group, LLC and Superior Equity Group, LLC, which had offices in Santa Monica, West Hills and Woodland Hills. At times, the companies used an address in Irvine. According to court documents, from about October 2007 through the end of 2010, the Superior Gold Companies solicited investments in precious metals and collectible coins. Individuals across the nation were solicited through national radio, television and Internet advertising. Many investors never received the metals they purchased. Sands admitted he had falsely misrepresented or failed to disclose material information to investors. According to court documents, Sands falsely told investors that the precious metals they paid for would be delivered to them directly or sent to their retirement accounts, when Sands knew that Superior Gold would not be purchasing or delivering the precious metals. Allegations included that, as a result of the fraudulent scheme, Sands induced more than 300 victims to invest approximately $20 million and to suffer losses of nearly $11 million while Sands funded his own lavish lifestyle and paid for his own personal expenditures, including payments on his home in Valencia, American Express bills, and luxury vehicles, including a Porsche, a Hummer and a Lincoln SUV.

In United States v. Gelazela, a participant in a "high-yield prime-bank" scam was found guilty of wire fraud for bringing in more than $5 million from victims with promises of huge returns at little or no risk, and then lying to them about the status of payouts under the program. Mark Gelazela, who operated IDLYC Holdings Trust, lured victims to invest in a scheme that claimed to be using money to lease and monetize bank guarantees. Once money came in from victims, Gelazela and his co-conspirators almost immediately used the money to pay themselves. In some cases, money from new victims was used to pay off older victims to keep the scheme running. Gelazela was convicted by a jury on two counts of wire fraud.



In United States v. Williams, the former president and CEO of the Sherman Oaks-based Morgan Peabody, Inc. brokerage and investment firm was sentenced to 15 years in prison for federal wire fraud charges stemming from an investment scam in which defendant misappropriated nearly $6 million from more than 100 investors. David Williams of Studio City, a licensed securities dealer and investment adviser, pleaded guilty to three counts of wire fraud and two counts of tax evasion in May 2015. As part of his plea agreement, Williams admitted that he directed Morgan Peabody representatives to sell securities in a fund that Williams personally had created, purportedly to invest in real estate. The Sherwood Secured Investment Fund, LLC, a Studio City business that Williams owned, offered a 9 percent annual return on investments. Williams used the majority of the $3.75 million investors put in the Sherwood Fund to pay for personal expenses, including lavish vacations and a $50,000/month lease on a $6 million residence in Toluca Lake. The defendant was also held responsible for misappropriated funds from two other securities offerings that he created, for a total of almost $6 million in investor funds that he bilked from the three offerings. Williams was also found to have obstructed justice by lying to the Securities & Exchange Commission in its investigation of the offerings, and lying to the Judge and the Probation Office in seeking to withdraw his guilty plea.

Narcotics Offenses (non-gang related)

Drug traffickers bring violence to our communities and poison to our citizens. In 2016 the Office obtained the successful extradition of two drug kingpins responsible for smuggling tens of millions of dollars' worth of cocaine to the United States. In addition, the Office obtained significant convictions against criminals attempting to smuggle illegal drugs into or through the Central District of California.

In United States v. Penagos-Casanova and Sierra, Colombian drug kingpins were extradited to Los Angeles on federal charges of overseeing shipments of thousands of pounds of cocaine from Colombian laboratories to Central American distribution hubs, ultimately destined for sale in Los Angeles and elsewhere in the United States, including more than $70 million in cocaine recovered by international law enforcement. Dicson Penagos-Casanova and Juan Gabriel Rios Sierra would "transport the cocaine via overland routes from production laboratories outside Meta, Colombia, to underground storage facilities near clandestine airstrips in the western Apure Department of Venezuela." They would "arrange for bribes to be paid to Venezuelan military and government officials" in an effort to ensure that aircraft carrying cocaine loads "enjoyed safe passage through Venezuelan airspace." Using jets that they acquired "through straw purchasers in the United States," Penagos and Rios would hire pilots to fly the cocaine to the "Central American distribution hubs," where the drugs would be offloaded "for further distribution" in Los Angeles and elsewhere in the United States and Mexico.

In United States v. Chavez, a federal jury found guilty a previously convicted felon of attempt to distribute over three pounds of methamphetamine and illegal possession of various firearms. Specifically, Daniel Chavez Jr. of Redlands was found guilty of six felony offenses, including distributing methamphetamine, possession with the intent to distribute methamphetamine, possession of a firearm with an obliterated serial number, possessing an unregistered firearm, and being a felon in possession of firearms and ammunition. Chavez was previously convicted in state court of felony possession of methamphetamine for sale, which made him ineligible to possess firearms or ammunition. At sentencing, Chavez will face a 20-year mandatory minimum sentence due to his prior drug trafficking conviction, and will also face a statutory maximum sentence of life in Federal prison.

In United States v. Zepeda-Ramirez, a resident of Tecate, Mexico, was found guilty of federal drug trafficking charges for piloting a "panga" boat stuffed with nearly-tons of marijuana from Ensenada to the U.S. Following a three-day trial, Jose Guadalupe Zepeda-Ramirez was found guilty of conspiracy to possess with the intent to distribute marijuana and possession with the intent to distribute marijuana. The investigation revealed that panga was carrying 1,656 kilograms of marijuana. A panga is an open-bowed fishing vessel that is often used by smugglers bringing marijuana north from Mexico. As a result of his conviction on the two charges, Zepeda faces a mandatory minimum sentence of 10 years in federal prison, and could be sentenced to a maximum term of life.

In United States v. Sawyers, a Los Angeles burger stand owner was found guilty of distributing cocaine in the form of crack cocaine after selling crack cocaine to a confidential informant working with the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). According to the evidence presented at the three-day trial, in two separate instances, Brian Sawyers of Los Angeles, sold 26.9 grams and 70.6 grams of crack cocaine to an ATF confidential informant at his business, B.D. Burgers, in South Los Angeles. In November Sawyers was sentenced to 15 years imprisonment based upon his three prior narcotics trafficking convictions, two of which were federal convictions.

In United States v. Iqbal et al, a Glendale man was sentenced to 16 months in federal prison for his role in the large-scale manufacture and distribution of synthetic drugs that are commonly called "spice." Faisal Iqbal and his co-conspirators were charged with conspiring to manufacture and distribute synthetic cannabinoids, which are designed to mimic the effects of THC, the psychoactive agent in marijuana, and with structuring financial transactions. Iqbal pled guilty to conspiracy to distribute synthetic cannabinoids and to structuring a financial transaction to avoid a reporting requirement. A total of 16 defendants were charged in three separate indictments with manufacturing and distributing synthetic cannabinoids. The chemicals are mixed with agents – often acetone – to create a mixture that is sprayed onto plant material – typically marshmallow leaf or damania leaf – to create synthetic marijuana, which is commonly referred to as "spice" or "herbal incense." Such synthetic cannabinoids are smoked or orally ingested, and are referred to in the three indictments as smokable synthetic cannabinoids (SSCs). The SSCs discussed in the indictments were sold under brand names that included "Sexy Monkey," "Crazy Monkey," "Scooby Snax," "Bizarro" and "Mad Hatter."



In United States v. Libbert, the lead defendant in an indictment that outlined a wide-reaching conspiracy to smuggle, manufacture and distribute more than $12 million worth of synthetic, or analogue, drugs pleaded guilty in federal court. Sean Libbert of Newport Beach, pleaded guilty to a series of charges related to a scheme to distribute drugs commonly called "spice" or "bath salts." Some of the drugs in this case nearly killed a victim who ingested them, according to the 16-count indictment filed in June 2014 that was the first in this district involving drug analogues. Libbert pleaded guilty to four felony offenses: conspiracy to manufacture, possess with intent to distribute, and distribute controlled substance analogues; conspiracy to smuggle controlled substance analogues into the United States using false statements and fraudulent documents; being a felon in possession of firearms and ammunition; and money laundering.

In United States v. Reynolds, a former JetBlue flight attendant who tried to bring nearly 60 pounds of cocaine through a security checkpoint at Los Angeles International Airport by using her "known crewmember" credentials pled guilty to conspiring to traffic narcotics. Because of the quantity of narcotics involved in this case, Reynolds faces a mandatory minimum sentence of 10 years in federal prison. The statutory maximum sentence is life. On March 18, Reynolds had just under 27 kilograms of cocaine in her luggage as she attempted to board a JetBlue flight in Terminal 4 at LAX, according to court documents. After showing her official badge and identification to the Transport Security Administration officer on duty at the known crewmember checkpoint, Reynolds was randomly selected for additional screening. Reynolds was then escorted to a secondary screening area. Upon arriving at this checkpoint, Reynolds dropped her luggage, removed her shoes, and fled the area, running down an upward-traveling escalator and away from TSA officers.

In United States v. Garcia, a former 18th Street gang member was sentenced to 24 years in federal prison after pleading guilty to a federal drug trafficking offense and admitting he murdered a man who had failed to pay "taxes" to the Mexican Mafia. Following the completion of the 288-month prison term, Garcia will serve eight years of supervised release. During the sentencing hearing, the judge said it was "difficult to imagine a more egregious crime in federal court" and that the defendant had "stolen hope" from the victim's family. Garcia pleaded guilty last year to participating in a conspiracy to distribute methamphetamine in a case that targeted the San Gabriel Valley-based Puente-13 gang. In addition to participating in drug trafficking activities that included collecting "taxes" or "rent" on behalf of the Mexican Mafia member who controlled Puente-13, Garcia admitted that he murdered another gang member who failed to make those extortion payments.

In United States v. Mitchell, a Los Angeles man was charged with drug trafficking after attempting to smuggle heroin wrapped in Christmas paper through LAX. The criminal complaint charged James Mitchell of Pico-Union with attempting to smuggle approximately 2.15 pounds of heroin through a security checkpoint at LAX. The six bags of heroin were wrapped in Christmas-themed paper.



Prescription Drug Abuse

2016 marked the nationwide recognition of the opioid epidemic as a plague. The epidemic is largely fueled by greedy and unscrupulous healthcare professionals willing to divert powerful drugs to addicts. The Office responded to the epidemic by prosecuting healthcare professionals and by conducting public outreach on the dangers of prescription drug abuse.

In United States v. Cham, a San Gabriel Valley doctor pled guilty to a federal drug-trafficking charge for illegally distributing the powerful painkiller best known by the brand name OxyContin. Dr. Daniel Cham of Covina pled guilty to one count of distribution of oxycodone and one count of money laundering. Cham admitted to unlawfully prescribing oxycodone to an undercover agent posing as a patient in exchange for $300 in money orders, which Cham then deposited into a bank account held in the name of another business. The drug trafficking and money laundering charges that Cham agreed to plead guilty to carried a statutory maximum penalty of 20 years for each count. In his plea agreement, Cham also agreed to forfeit more than $60,000 in cash that he admitted were proceeds of his illegal activity.

In United States v. Garg, a medical doctor who served as the face of a sham Los Angeles clinic pled guilty to federal drug-trafficking and money laundering charges connected to her illegal distribution of the powerful painkiller best known by the brand name OxyContin. Dr. Madhu Garg of Glendora faces a maximum sentence of 30 years in federal prison for one count of illegally distributing oxycodone and one count of money laundering for transferring the proceeds of criminal activity to a Malaysian bank account. Garg issued more than 10,000 prescriptions for controlled drugs over the yearlong period that she worked at Southfork Medical Clinic. Financial records show that, over the same time period, Garg received more than $300,000 in cash and transferred more than $90,000 to bank accounts held in Thailand and Malaysia.

The increased abuse of heroin, opioids and other prescription drugs has infected communities throughout our district

In United States v. Nwaigwe, a Glendale doctor pled guilty to a federal drug trafficking charge for illegally distributing hydrocodone, a powerful painkiller best known by the brand names Vicodin and Norco. Dr. Manasseh Nwaigwe, who operated a medical office in Boyle Heights, pled guilty to one count of illegal distribution of hydrocodone. Nwaigwe also forfeited more than $97,000 in cash that Nwaigwe admitted were proceeds derived from his illegal prescriptions.

In United States v. Sonny Oparah and Edward Ridgill, two doctors who each operated medical offices were arrested on federal drug charges that allege they issued prescriptions for narcotics and sedatives without a medical purpose. The two doctors were charged in conjunction with an operation conducted by the Torrance Police Department and the Los Angeles District Attorney's Office that targeted members and associates of the East Coast Crips criminal street gang. Oparah and Ridgill were charged with illegally prescribing the powerful painkillers hydrocodone (best known as Vicodin or Norco) and codeine (for example, promethazine with codeine cough syrup, which is known on the street as purple drank), alprazolam (commonly known as Xanax), and carisoprodol (a muscle relaxer best known as Soma). According to the affidavit filed in the cases, Oparah issued nearly 13,000 prescriptions for those drugs in a one-year period between July 2014 and July 2015, and Ridgill issued more than 21,000 such prescriptions in a three-year period between July 2011 and July 2014. All of the prescribed drugs were at or near maximum strength.



In United States v. Kabov, a West Los Angeles pharmacy and its owners were charged with operating a years-long narcotic drug trafficking, money laundering, and tax fraud conspiracy. Berry Kabov and his brother Dalibor Kabov (also known as "Dabo") were charged with operating Global Compounding Pharmacy for the purpose "of concealing and growing" their conspiracy to profit from black market sales of narcotics including oxycodone (best known by the brand name OxyContin), hydromorphone (also known as Dilaudid), and hydrocodone (commonly known as Vicodin or Norco). They are also charged with using Los Angeles as a base to sell bulk shipments of prescription drugs – including oxycodone, which is commonly sold under the brand name OxyContin – to black market customers across the country. Investigators seized parcels containing thousands of hidden oxycodone pills that the Kabov brothers attempted to ship to black market customers in and around Columbus, Ohio, according to the search warrant affidavit, which states that the customers in turn made cash deposits into Kabov-controlled bank accounts or simply shipped bulk cash to the brothers in Southern California.

Public Corruption

Those who serve the public must be held to the highest standards of conduct. In 2016 the Office held many such individuals accountable for their abuse of the public's trust. These prosecutions involved prominent state officials and federal law enforcement agents entrusted with protecting our nation. These cases sought not only to punish wrongdoing but also to maintain the public's confidence in its government.

In United States v. Figueroa, a former Senior Immigration Services Officer with the United States Citizenship and Immigration Services (USCIS) was found guilty of accepting bribes in a long-running immigration fraud scheme in which he accepted payments from an attorney in exchange for approving immigration applications. Jesus Figueroa was found guilty of conspiracy, bribery, and fraudulently misusing his official USCIS seal.

In United States v. Ronald Calderon, a former California State Senator, Ronald S. Calderon, was sentenced to 42 months in prison after pleading guilty to a federal corruption charge and admitting that he accepted tens of thousands of dollars in bribes in exchange for performing official acts as a legislator. Ron Calderon admitted to accepting bribe payments from the owner of a Long Beach hospital who wanted a law to remain in effect so he could continue to reap millions of dollars in illicit profits from a separate fraud scheme. Ron Calderon also admitted to accepting bribes from undercover FBI agents who were posing as independent filmmakers who wanted changes to California's Film Tax Credit program. In exchange for the undercover bribes, Calderon agreed to assist in passing favorable legislation and to hire a staffer at the behest of those paying bribes.

In United States v. Thomas Calderon, a former California Assemblyman was sentenced to one year and one day of incarceration, half of which is ordered to be served in federal prison and half in home detention. This sentencing came after Calderon pled guilty to laundering money given to his brother, former state Senator Ronald Calderon as bribes from constituents. In a plea deal, Thomas Calderon admitted to holding money given to Ron Calderon in exchange for support for legislation that expands tax credits in the film industry. In reality, the bribes that he deposited into his company's bank account came from an undercover FBI agent. Thomas Calderon also wrote a check to his niece using some of the money to conceal his transactions

Corruption is a Threat to Government Institutions and Undermines the Public Trust

In United States v. Boyd, the former chief of police at the Port of Los Angeles was sentenced to two years in federal prison after pleading guilty to tax evasion and lying to FBI agents. He

was also ordered to pay $305,054 in restitution. The FBI agents were investigating his acceptance of a bribe in connection with the development of a social networking program that would become the official smartphone app for the Port and would then be marketed to other law enforcement agencies. Specifically, Boyd pled guilty to lying to federal investigators about a scheme related to a smartphone app called Portwatch, which was developed to provide information to the public and to allow citizens to report criminal activity at the port. Boyd also admitted that he concealed $1.1 million in income from the Internal Revenue Service, which allowed him to avoid paying more than $300,000 in taxes to the federal government.

In United States v. Allen, a former supervisor with U.S. Customs and Border Protection (CBP) who conspired with his ex-wife to smuggle goods into the U.S. in exchange for bribes was sentenced to 45 months in prison. Sam Herbert Allen Jr. was also ordered to pay $781,632 in restitution to compensate the U.S. for duties that were not paid on the smuggled goods. Allen was a supervisor who oversaw the examination and release of international cargo that arrived at "Foreign Trade Zones," or FTZs, which are privately operated warehouses that perform customs functions. Allen and his ex-wife, Wei "Julia" Lai, agreed to smuggle shipments of clothing into the U.S. through an FTZ operated by Lai. In exchange for promising to alter a CBP database to falsely show that the clothing had been exported to Mexico, Lai paid Allen bribes of $2,000 per shipping container. Allen received approximately $100,000 in bribe payments from Lai over the course of several months.

In United States v. Wu, a former U.S. Customs and Border Protection Officer was found guilty of conspiracy to bribe a public official and bribing a public official. George Wu ran an immigration consulting service where he paid tens of thousands of dollars in bribes to immigrations officers to help his clients secure citizenship and permanent legal resident status in the United States. One of these clients was able to "pass" an English proficiency test without knowing any English. Wu was sentenced to 37 months in prison for his crimes.

In United States v. Lee, a former special agent with United States Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) was sentenced to 10 months in federal prison for accepting thousands of dollars in bribes from a Korean businessman. Joohoon David Lee pled guilty to one count of bribery. Lee accepted bribe money from a Korean man identified in court documents at "H.S." Lee, who was assigned to HSI's Human Trafficking unit in Los Angeles, interviewed a woman who claimed that she was entering the U.S. to be a sex slave for H.S. Lee asked H.S. for $100,000 to make HS's immigration issues go away, and H.S. ultimately paid Lee between $6,000 and $7,000 in cash. As a result, Lee prepared a report related to the investigation of H.S. that read: "Subject was suspected of human trafficking. No evidence found and victim statement contradicts. Case closed. No further action required."

In United States v. Amos, a former immigration services officer with U.S. Citizenship and Immigration Services (USCIS) who had the power to approve applications for citizenship was sentenced to 33 months in federal prison for taking tens of thousands of dollars in bribes. Daniel Espejo Amos of Lakewood,

pleaded guilty in April to one count of conspiracy and one count of being a public official who accepted cash bribes. When he pleaded guilty, Amos admitted that he accepted more than $53,000 in bribes from immigration consultants on behalf of immigrants who were not eligible to become naturalized United States citizens. Amos admitted accepting bribes in exchange for committing official acts, including falsely certifying that immigrants had met requirements for citizenship that include "passing" the English competency and civics portions of the naturalization interview and examination administered by USCIS. In at least one case, the immigrant's English-language skills were so poor that Amos gave him copies of test answers so the immigrant could memorize them prior to his naturalization interview.

In United States v. Bowman, a former FBI special agent pled guilty to stealing over $136,000 of drug proceeds seized during the execution of search warrants, falsifying reports, and tampering with a witness. Scott M. Bowman of Moreno Valley, pled guilty to one count of conversion of property by a federal employee, one count of obstruction of justice, one count of falsification of records and one count of witness tampering. In connection with his plea, Bowman admitted that he misappropriated drug proceeds seized during the execution of three search warrants after they were transferred to his custody in his official capacity as a federal law enforcement officer. Bowman then spent the stolen money for his own personal use. In order to conceal his embezzlement, Bowman falsified official FBI reports, submitted a receipt with a forged signature, and asked a local police detective to provide false information if asked about Bowman's activities with respect to the drug proceeds.

In United States v. Trinh, the general manager of a La Puente garment factory was found guilty on federal charges of offering to pay bribes to an investigator with the U.S. Department of Labor in exchange for the termination of an investigation into wage violations. Howard Quoc Trinh of Arcadia, the manager of Seven-Bros Enterprises, was convicted of two counts of bribery after prosecutors presented evidence that Trinh offered to pay $10,000 as a bribe, and actually paid $3,000 to a Department of Labor Wage and Hour investigator. As part of the bribery scheme, Trinh promised to pay the balance when the investigation was closed.

In United States v. Canjura, a longtime U.S. Customs and Border Protection (CBP) officer was convicted at trial of federal charges for theft of mail from the International Mail Facility (IMF) in Torrance and arranging to have an accomplice deposit checks obtained from the stolen mail. The defendant was convicted of nine counts alleged in the superseding indictment, including conspiracy to commit bank fraud, bank fraud and possession of stolen mail. Canjura was a CBP Officer assigned to the IMF, where his duties included examining mail and parcels coming into the United States for contraband, counterfeit goods, and possible fraudulent financial checks or credit cards. Canjura stole well over 100 checks with a cumulative value of at least $65,000.

Real Estate Fraud

Real estate fraud victimizes individual investors who place trust in the criminals, financial institutions which often hold worthless property at the end of the fraud, and taxpayers who insure the financial institutions. The Office prosecuted a number of real estate fraud cases in 2016 involving millions in losses.

In United States v. Hamby, a Yorba Linda chiropractor, who solicited more than $2 million from investors in a real estate scam, was sentenced to four years in federal prison. Bobby Hamby was also sentenced and ordered to pay $1,257,628 in restitution. Hamby pled guilty to two counts of wire fraud in connection with a real estate investment scheme he operated while doing business as B+E Family Investments LLC. Hamby did not invest the victims' money as promised. Instead, he spent the majority of his victims' money to pay for personal expenses. After returning some of the investor's money in Ponzi-style payments, the total loss from both schemes totaled approximately $1.25 million.

In United States v. Hobson, a Mission Viejo man pled guilty to taking more than $2,300,000 from investors in a fraudulent real estate investment scheme in which he used investor funds to pay for personal expenses, including travel and cosmetic surgery, to make cash withdrawals, and to make Ponzi-style payments to other investors. Francisco "Frank" Hobson was charged with wire fraud, and pled guilty to the information and agreed pay at least $1,584,941 to the victims of his crime. The information charged Hobson, a formerly licensed real estate agent, in connection with his scheme of luring victims to give him money with promises that their investments would be used to purchase properties. In reality, the properties that Hobson advertised to his victims were not actually for sale or simply did not exist, and Hobson sent victims purported purchase agreements for the properties which were fraudulent or forged. Hobson continued to engage in the scheme for months after being interviewed by the Federal Bureau of Investigation in connection with complaints from two of his victims. Hobson would tell investors to transfer money to "escrow accounts," which were, in reality, his own bank accounts that he alone controlled. After the investors' money was deposited in his accounts, Hobson used the money for personal purchases at grocery stores, chain restaurants, and retail stores, as well as making cash withdrawals.

In United States v. Derek Richard Brewart, a defendant who pled guilty to federal bank fraud and tax charges for submitting fraudulent loan applications in a scheme that caused nearly $6 million in losses was sentenced to one year and one day in federal prison. Brewart, a former licensed insurance agent and owner of Hamilton Brewart Insurance Agency (HBIA), was also ordered to pay $5,926,430 in restitution to the victim, Universal Bank of West Covina. As part of his scheme, Brewart secured loans from Universal Bank in his clients' names without their knowledge or authorization. HBIA brokered the sale of insurance from various carriers who wrote general liability, earthquake, malpractice, worker's compensation and other policies. Because of the significant cost of these policies, HBIA clients

sometimes sought loans so they could pay the premiums associated with the policies over a period of time.

Tax Fraud

Tax crimes harm both the federal government which is deprived of funds to operate critical government programs and law-abiding taxpayers who pay their fair share. Enforcing the nation's tax laws reflects the importance of ensuring a fair and equitable tax system. In 2016, the Office brought civil and criminal matters involving tens of millions dollars of tax fraud. As a result of the efforts made in this area by the Criminal and Tax Divisions, the Office leads the nation in bringing significant tax cases successfully to court.

In United States v. Lozano, an Oxnard-based tax return preparer was convicted of conspiracy to file false tax refund claims and for having signed tax returns claiming more than $53 million in fraudulent tax refunds. Rodrigo Pablo "Paul" Lozano, also known as "El Profe," was convicted after a two-week jury trial. Lozano submitted more than 12,000 false tax returns in an 18-month period. During that time, Lozano directed his employees to file the fraudulent tax returns. Lozano would divide up the tax refunds with his co-conspirators, including having employees count out tens of thousands of dollars in cash. Before the IRS was able to identify and stop the scheme, it had already paid out more than $23 million of refunds to the defendant and his co-conspirators.

In United States v. Gullett, Taquan Gullett, who also goes by Maalik Rashe El, of Jacksonville, Florida, was found guilty of making false claims against the United States government and two counts of retaliating against a federal employee or official by attempting to file a false lien or encumbrance. He was originally accused of filing false and fraudulent tax returns with the Internal Revenue Service claiming nearly $470,000 in fictitious tax refunds and then attempting to file false liens and encumbrances in retaliation against IRS employees for not paying his tax refund claims.

In United States v. Sarshar, the owner of Apparel Limited, Inc., a clothing design and manufacturing company in Los Angeles, pled guilty to one count of conspiracy to defraud the United States and one count of corruptly endeavoring to impair and impede the due administration of the Internal Revenue laws. Masud Sarshar maintained several undeclared bank accounts at three Israeli banks. For decades, with the assistance of at least two relationship managers from these banks, Sarshar hid tens of millions of dollars in assets in an effort to conceal income and obstruct the IRS. Sarshar also received "back-to-back" loans from a U.S. branch of one of those banks, which he collateralized with funds from his account at another Israeli bank. Sarshar used these loans to repatriate approximately $19 million of his offshore assets without creating a paper trail or otherwise disclosing the existence of the offshore accounts to U.S. authorities. The plea agreement contains an agreed-upon sentence of 24 months in prison. Sarshar agreed to cooperate with the government and to pay more than $8.3 million in restitution to the IRS, as well as a civil penalty in the amount of 50 percent of the high balance of his undeclared accounts to resolve his civil liability for not disclosing the existence of his Israeli bank accounts.

In United States v. Genis, a prominent criminal defense attorney in Santa Barbara, Darryl W. Genis, pled guilty to willfully failing to file his income tax returns for 2009-2011. During this time period, the defendant earned approximately $2.7 million from his successful DUI law practice, failed to report such income on federal income tax returns, and failed to pay the tax in full as required by law. In other years relevant to the case, 2005 through 2008, Genis consistently under-reported the gross income earned from his law practice, and thereby, failed to pay approximately $293, 000 in tax for said years. In 2012, Genis again failed to file an income tax return, and thereby failed to pay $97,587 in tax on his income for that year.

In United States v. Vadino, a former resident of Orange County was found guilty of tax evasion and making a false statement to Special Agents of the Internal Revenue Service's Criminal Investigation Division. Vadino had been audited by the IRS and assessed taxes owed for 1999. In the years that followed, Vadino took steps to evade his 1999 taxes, including concealing and attempting to conceal the nature and extent of his assets and the location thereof, lying to Special Agents, placing funds and property in the names of others, and using offshore accounts to place funds and property beyond the reach of the IRS. When scheduled to go to trial in the case in 2013, Vadino cut off his ankle bracelet and fled. He was caught a year later after he applied for a United States passport using another person's identity. Vadino pled guilty to failing to appear for court, conspiracy, two counts of passport fraud, and two counts of aggravated identity theft.

In United States v. Hunter et al, the last of six defendants who conspired to use stolen identities to file fraudulent tax returns with the Internal Revenue Service that sought more than $1.5 million in false tax refunds was sentenced to 51 months in federal prison. Wesley Wade Hunter a former Los Angeles resident, was in a California prison when he committed the federal tax offense. Hunter, who also goes by the moniker "Godfather," pled guilty to one count of conspiracy to defraud the United States by obtaining the payment of false claims, namely tax refunds. According to court documents, during the course of the scheme that was shut down in May 2012, Hunter filed or assisted in the filing of fraudulent tax returns that sought refunds using the identities of over 250 individuals. Hunter and the other co-conspirators obtained the names, Social Security numbers, dates of birth, and other personal identification information of individuals without their knowledge and consent. Hunter and others knowingly filed false federal income tax returns that claimed fraudulent tax refund payments based upon fraudulent wage and withholding amounts under their own names and under the names and Social Security numbers of the identity theft victims. Members of the conspiracy cashed the fraudulently obtained refund checks. In all, Hunter's conduct resulted in an intended loss of more than $1.5 million and an actual loss of approximately $104,283 to the United States government.



In United States v. Visconti, the former CEO of Axium International, Inc., John Visconti of Beverly Hills, was convicted of tax evasion, conspiracy to defraud the IRS, and filing a false tax return. Axium was one of the largest payroll services companies serving the entertainment industry, and its clients included a list of high profile studios, Fortune 500 companies, television and cable companies, and media outlets. At its height, Axium's gross revenues were well over $1 billion per year. As the payroll services provider and employer of record for its client entities, Axium regularly submitted payroll tax returns to the IRS and to the taxing authorities of several states. In several instances, those tax returns generated refunds in six-figure dollar amounts. Axium collapsed in 2008, after revelations that its tax delinquencies exceeded $100 million and that, as a result, Axium's lender foreclosed on its bank accounts. Axium's tax delinquencies resulted in the IRS assessing a recovery penalty against Visconti of $15 million. According to the evidence at trial, Visconti and Axium's former chief operating officer, Ronald Garber of Santa Monica, used a variety of elaborate mechanisms to divert approximately $5.1 million from Axium during the period 2005-07, and Visconti took an additional $1.9 million in corporate loans that he did not repay.

In United States v. Kemp, a Long Beach-based lobbyist, whose clients included illegal marijuana stores in Long Beach, was sentenced to one year and a day in federal prison for failing to report to the IRS more than $750,000 in income he received over a six-year period. Carl A. Kemp of Long Beach, the owner of the public relations firm and a one-time candidate for the Long Beach City Council, was additionally ordered to pay $210,661 in restitution to the Internal Revenue Service to cover his back taxes. Kemp pleaded guilty in July to subscribing to a false tax return for the year 2012. On his federal tax return for that year, Kemp reported that he had no taxable income, when his business took in approximately $180,000.

In United States v. August and Maria Bohanec, the defendants, husband and wife, failed to disclose to the Internal Revenue Service their interest in foreign bank accounts for 2007 and the Internal Revenue Service assessed an FBAR (Report of Foreign Bank and Financial Accounts) penalty against them in the amount of $160,915.75, each. The Bohanecs, who owned a Leica camera shop in the 1970s and 1980s, had an account at UBS, Switzerland into which unreported income from their international sales was deposited. They kept their UBS account secret from all but their two children and never discussed the account with a lawyer, accountant, or banker.

In United States v. Michael Joseph Calalang Cabuhat, the defendant, a professional tax preparer, was the Executive Vice President and 50% owner of VisionQwest Resource Group, Inc., which operated VisionQwest Accountancy Group, a Professional Accountancy Corporation. Cabuhat stole the tax refunds -- totaling $978,875 -- deriving from 274 tax returns he prepared by concealing the true refund amounts from the clients and causing the IRS to deposit the refunds into bank accounts that Cabuhat controlled. Cabuhat then failed to report this income on his own tax returns. Cabuhat was charged with wire fraud, aggravated identity theft and structuring. A search warrant was executed at his business premises, and his Ferrari Spider, which was purchased with proceeds of the structuring, was seized. He agreed to forfeit the Ferrari, and agreed to pay full restitution to his victims and all outstanding income taxes -- totaling $268,190 -- due for the years in which his offense occurred.

Terrorism

In 2016 the United States Attorney's Office confronted terrorism in many cases. The Office prosecuted multiple cases arising out of the investigation of the December 2, 2015, terrorist attack at the Inland Regional Center in San Bernardino. Included in these are a criminal case against a co-conspirator of the shooter, immigration fraud charges against family members, and a first-of-its-kind civil case in which we seek to seize the shooter's life insurance proceeds. In addition, we pursued evidence contained in a locked iPhone (case summary included in the cyber section). Separately, the Office also prosecuted several defendants who sought to join the Islamic State of Iraq and Levant (ISIL). National security cases brought by the Office last year impacted not only its residents, but the interests of the nation. The presence of groups intent on attacking the United States poses a constant threat, and about which we will remain vigilant.

In United States v. Elhuzayel and Badawi., a federal jury convicted two men – one of whom attempted to travel to the Middle East to join ISIL – of conspiring to provide material support to the Islamic State of Iraq and the Levant (ISIL). Nader Elhuzayel and Muhanad Badawi, both of whom are 25-year-old Anaheim residents, were convicted following a two-week trial. Elhuzayel was found guilty of attempting to provide material support, and Badawi found guilty of aiding and abetting the attempt to provide support to ISIL. In addition to the terrorism-related counts, Elhuzayel was found guilty of 26 counts of bank fraud, and Badawi was found guilty of one count of federal financial aid fraud. As a result, Elhuzayel and Badawi were each sentenced to 30 years in federal prison.

In United States v. Dandach, a man who admitted that he attempted to provide material support to the Islamic State of Iraq and the Levant (ISIL) and making a false statement in a passport application was sentenced to 15 years in federal prison. Beginning in approximately November 2013 and continuing until July 2014, Adam Dandach of Orange, attempted to travel to Syria to join ISIL with the purpose of providing material support to the designated foreign terrorist organization. He further admitted that he knew that ISIL was a designated foreign terrorist organization that engaged in terrorist activity and terrorism. After he completes his 180-month prison term, Dandach will be on supervised release for the remainder of his life.

We Will Hold Accountable All Individuals who Collaborate with Terrorists in Executing Their Plans.

In United States v. Marquez, a Federal Grand Jury indicted Enrique Marquez Jr. on five counts, including conspiring to provide material support to terrorists. In this conspiracy charge, Marquez is alleged to have planned terrorist attacks in 2011 and 2012 with Sayed Rizwan Farook, the male shooter in the December 2, 2015 shooting rampage at the Inland Regional Center in San Bernardino in which 14 persons were killed and 22 persons were seriously injured. In addition to the conspiracy charge, Marquez is charged with making false statements in relation to the purchase of firearms by being a "straw purchaser" of two firearms that Farook later used in the December 2, 2015 terrorist attack. The indictment against Marquez also includes two counts arising from his alleged role in an immigration-fraud scheme in which he entered into a sham marriage to obtain immigration benefits for the sister of a Farook family member.

In United States v. Chernykh et al., three people with family connections to Syed Rizwan Farook, one of the perpetrators of the December 2, 2015 terrorist attack at the San Bernardino Inland Regional Center ("IRC"), were charged with federal conspiracy, marriage fraud and false statement charges. Mariya Chernykh, married to Enrique Marquez Jr. discussed above, Tatiana Farook, Chernykh's sister, and Syed Raheel Farook, Syed Rizwan Farook's brother, were all charged with knowingly making under oath a false statement with respect to a material fact in an application, affidavit, and other document required by the immigration laws and regulations of the United States. Chernykh was also charged with fraud and misuse of visas, permits, and other documents; perjury; and two counts of making material false statements to federal agents. The case against Chernykh and the Farooks stems from the overall investigation into the IRC terrorist attack.



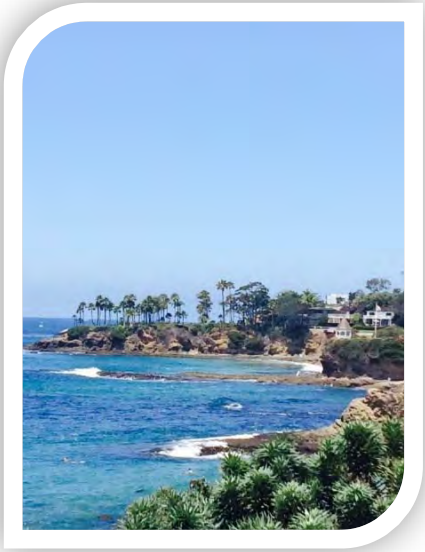
In United States v. All Monies, the Office brought a civil asset forfeiture lawsuit to seize the proceeds of two life insurance policies worth a total of $275,000 held by San Bernardino shooter Syed Rizwan Farook. Before the December 2, 2015 terrorist attack at the Inland Regional Center, Farook obtained two insurance policies through his employment with San Bernardino County. Under federal law, any assets derived from a crime of terrorism against the United States, its citizens or residents, or their property, are subject to forfeiture by the government.

Weapon Offenses

The illegal trafficking of firearms fuels a black market in weapons that creates dangerous conditions in our communities. Removing the illegal weapons from the streets is an important part of our violence reduction strategy. Included in this effort is our prosecution of gun crimes to include illegal sales, possession of machine guns, prohibited persons in possession of firearms, and the use of firearms during the commission of violent crimes and drug offenses. Chief among our efforts is the prosecution of felons who illegally possess firearms. We tripled the number of these prosecutions from 2014 to 2016.

In United States v. Hayward, a convicted felon and member of the 92nd Street Hoover Crips gang was sentenced to 41 months in federal prison for being a felon in possession of a firearm—a .22 caliber revolver. James "Walter" Hayward of South Los Angeles was convicted of five felony charges in state court prior to being charged in the federal case. When he pled guilty, Hayward admitted that he sold the revolver in exchange for at least $175. After he concludes his prison sentence, Hayward will serve three years of supervised release.

In United States v. Dorsey et al., two men who earned the moniker the "Cowboy Gun Bandits" for brandishing a large-caliber revolver during a series of robberies that netted them over $55,000 were convicted in federal court. Dominic Dorsey of Hollywood, and Reginald Bailey of the Jefferson Park district of Los Angeles, were found guilty of 11 felony counts – conspiracy to interfere with commerce in violation of the Hobbs Act, five specific Hobbs Act robberies and five counts of using a firearm during the robberies. Each of the Hobbs Act violations carries a statutory maximum penalty of 20 years in federal prison. The gun violations carry potential life sentences, but also would bring mandatory minimum sentences of seven years for the first count and 25 years for each of the four additional counts.



In United States v. Pineda, a Ventura County man who illegally sold five firearms in less than a month and agreed to sell three more during an undercover operation was sentenced to 57 months in federal prison. Joshua Pineda of Thousand Oaks, pled guilty to one count of dealing firearms without a license and one count of being a felon in possession of a firearm. Most of the firearms were AR-15-type assault rifles, several of which did not have serial numbers. Pineda also sold more than 1,000 rounds of ammunition to the undercover agent. The sales took place in October and November 2015 in parking lots in Simi Valley and Thousand Oaks. Pineda had previously been convicted in Los Angeles Superior Court in February 2015 of a felony offense involving an assault rifle.

In United States v. Sanchez, a Riverside man who pleaded guilty to being a convicted felon in possession of a stolen handgun was sentenced to four years in federal prison. Joseph Sanchez pleaded guilty on May 16 to one count of being a felon in possession of a firearm and ammunition. This case stems from a September 18, 2015 probation search by the Riverside Police Department. When officers entered the residence, Sanchez was sitting on a couch with a bag on his lap. Inside the bag, officers found a loaded 9mm Glock. Investigators determined that the handgun was reported stolen from a Riverside County Sheriff's Deputy on July 3, 2015. In addition to the loaded handgun, police also found Sanchez to be in possession of another bag that contained another nine 9mm rounds.

In United States v Mariscal, a Riverside man and self-proclaimed "Doomsday Prepper" who possessed an arsenal of weapons and thousands of rounds of ammunition pleaded guilty to being a felon in possession of firearms and ammunition. Hector Mariscal pleaded guilty in United States District Court and admitted that he unlawfully possessed semi-automatic firearms, shotguns, rifles, a receiver for an AR-15 machine gun, and various types of ammunition. Mariscal also admitted in court that he was not legally allowed to possess these items because he previously sustained felony convictions for burglary and being a felon in possession of a firearm. Mariscal repeatedly described himself as a "Doomsday Prepper," who in connection with his preparation also collected knives and other dangerous items, including a flare launcher. According to court documents, Mariscal told investigators that he regularly goes to the swap meet to obtain firearms and other dangerous weapons.

In United States v. Martinez et al., a Compton man was sentenced to more than ten years in federal prison for illegal methamphetamine and firearms sales. Luis Rodriguez Jr. was sentenced to 121 months in federal prison after he pled guilty earlier this year to selling methamphetamine and three firearms to a Bureau of Alcohol, Tobacco, Firearms and Explosives confidential informant on multiple occasions. The firearms included a Smith & Wesson, Model 66 .357 caliber Magnum revolver, a Ceska Zbrojovka (CZ) Model CZ 52 7.62mm caliber Tokarev rifle, a Ruger Model 22/45 MK III .22 caliber pistol, which had been reported stolen in Texas, and a Colt Model 1911 U.S. Army .45 caliber pistol. Rodriguez obtained the firearms from his sister and co-defendant, Laura Salas, who was sentenced on April 25, 2016 to 120 months' imprisonment for her participation in the crimes. The government stated in its sentencing position that, for one of the firearms transactions, a young boy who appeared to be Salas's son handled the firearm.

In United States v. Arviso, two brothers from San Jacinto pleaded guilty to federal weapons charges related to nearly three dozen machineguns, as well as short-barrel shotguns and silencers, that were found at their residence by authorities conducting an investigation in another matter. Alfred Arviso and Nathaniel Arviso each pleaded guilty in federal court to one count of illegally possessing machine guns. The cache of weapons at the Arvisos' residence was discovered by Riverside County Sheriff's Department on May 15 during the execution of a search warrant in an unrelated investigation. During the search, law enforcement discovered 33 machineguns (including 15 short-barrel rifles), another seven short-barrel rifles that were not automatic weapons, and eight silencers without serial numbers.

In United States v. Harris et al, a Los Angeles man pleaded guilty to one count of conspiracy and one count of theft of firearms related to a series of burglaries in which well over 100 firearms were stolen from businesses operated by federal firearms licensees. Over a 2½-month period in late 2015, Eddie Lee Harris conspired with several others to steal firearms from gun-related businesses in a series of burglaries and attempted burglaries in Orange, Riverside and Los Angeles counties. In addition, Faizon Azante Donnie pled guilty to one count of theft of firearms from a federal firearms licensee (FFL) and admitted that he participated in two of the burglaries. Donnie became the fourth person sentenced in relation to the spree that led to the theft of 128 firearms. Members of the conspiracy targeted seven firearms-related businesses between August 29, 2015 and November 7, 2015.



In United States v. Mendoza, a Long Beach woman and her son were named in federal grand jury indictments that charged them with illegally shipping hundreds of thousands of dollars' worth of firearms parts and ammunition to their native Philippines – munitions that were concealed in shipments they falsely claimed to be household goods. Marlou Mendoza and Mark Louie Mendoza were named in separate indictments that were returned by a federal grand jury. Marlou Mendoza was arrested at Los Angeles International Airport as she returned from a trip to the Philippines. Her son, Mark Mendoza, who is a citizen of the Philippines, remains at large and is believed to be in the Philippines. Mark Mendoza, who was the president of a "tools and equipments" company known as Last Resort Armaments, ordered more than $100,000 worth of ammunition and firearms accessories, much of which was delivered to his parent's Long Beach residence over a six-month period in 2011. The items that Mark Mendoza ordered included parts for M-16 and AR-15-type rifles, and these parts are listed as defense articles on the United States Munitions List. Pursuant to the Arms Export Control Act, items on the Munitions List may not be shipped to the Philippines without an export license issued by the Department of State.



2016 ATTORNEY GENERAL'S AWARD RECIPIENTS

In 2016 United States Attorney General Loretta E. Lynch held the 64th Annual Attorney General's Awards ceremony. The Attorney General's Awards are the highest honors granted by the U.S. Department of Justice. They recognize individuals whose work demonstrates an uncommon commitment to upholding our nation's founding ideals, protecting the rights and safety of our fellow citizens, and ensuring that the department's long tradition of excellence and integrity continues.

When presenting the awards, Attorney General Lynch recognized the exemplary accomplishments of the recipients, each of whom made a significant contribution to the department's sterling record of success. She also recognized that the award recipients made tremendous sacrifices, going above and beyond the call of duty in the pursuit of justice. Attorney General Lynch recognized that the award recipients' tireless efforts made a lasting difference in the lives of countless Americans and brought honor to the Department of Justice and the nation.

"The Attorney General's Awards provide us with a rare opportunity to honor the efforts of outstanding department employees and our invaluable partners across the federal government and at the state and local levels," said Attorney General Lynch at the ceremony. "Their work has made our nation – and our world – stronger, safer and more just, and I am proud of and inspired by each and every one of them."

This year, the Attorney General presented Attorney General's awards to an unprecedented number of individuals from our Office. Congratulations to Adriana Abalos, Brandon Fox, Greg Lesser, Georgina Moreno, Lizabeth Rhodes, Katie Schonbachler, Steve Welk, and Ryan White. These individuals' contributions to the cause of justice have improved the lives of the residents of the Central District of California. The Office thanks them for their exemplary service, and congratulates them for their well-deserved recognition.

THE CASA PROGRAM

CASA is a program for select individuals that focuses on drug and mental health treatment, alternative sanctions, and incentives to effectively address offender behavior, rehabilitation, and the safety of the community. The CASA program is active in the Los Angeles, Santa Ana, and Riverside federal courthouses.

CASA was established in April 2012, as an outgrowth of the success of the District Court's Substance Abuse Treatment and Reentry Program (STAR). Individuals selected for CASA enter a guilty plea under a plea agreement which requires participation in the CASA Program and specifies the benefit to be received if the program is completed successfully: either a dismissal of the federal charges or a sentence reduced such that it does not include a term of imprisonment.

Participants in CASA are subject to intensive pretrial supervision under conditions which require regular court appearances before the CASA program team and participation in programs designed by the CASA team to address the causes of the defendant's criminal conduct. Such programs can include substance abuse and/or mental health treatment, employment or education programs, and restorative justice programs such as restitution and community service. Most participants undergo regular random drug testing. Program participation requires a minimum of 12 months, and can sometimes be extended to two years.



Defendants who fail to successfully complete the program proceed to sentencing before the CASA Judge on the charges to which they entered guilty pleas.

CASA is a collaborative partnership among the United States District Court, United States Pretrial Services Agency, Federal Public Defender's Office, and the United States Attorney's Office and various community-based treatment providers and organizations.

THE VICTIM WITNESS ASSISTANCE PROGRAM

The Victim Witness Assistance Program ensures that victims and witnesses of Federal crimes, who have suffered physical, financial, or emotional trauma, are informed of their rights and receive the assistance and protection to which they are entitled under the law.

The Program provides a variety of services and assistance to victims and witnesses. One of the functions of the program is to provide education regarding the criminal justice process and its participants. Victim Witness staff notify victims and witnesses of case events, are able to provide courtroom orientation, and can accompany victims to court proceedings, if desired.

Staff members primarily work with victims involved in indicted cases, however, program staff also work closely with Victim Assistance staff from various federal agencies, such as the Federal Bureau of Investigation, U.S. Postal Inspection Service, and U.S. Immigration and Customs Enforcement, who also provide services to federal victims for cases under investigation. Referrals to appropriate community organizations can be provided that can help victims access the services they need to recover from crime and victimization.

Our Goal is to Increase our Ability to Provide the Maximum Available Assistance to Victims. They Deserve Nothing Less.





COMMUNITY ENGAGEMENT PROGRAM

In order to effectively serve our community, we must understand it and not be isolated from it. Our Community Engagement Program seeks to increase the public and law enforcement community's understanding of the work conducted by the United States Attorney's Office in the Central District by promoting the vision, mission, and values set forth by the U.S. Department of Justice. It also seeks to ensure the attorneys in the United States Attorney's Office stay connected to the community they serve. The program is organized and manages by the USAO's External Affairs team who cultivate meaningful, sustainable, and effective partnerships with all members of the community.

2016 HIGHLIGHTS

Attorney General Visit to Los Angeles

In June, the USAO hosted U.S. Attorney General Loretta Lynch's visit to the CDCA as part of her National Community Policing Tour. The AG's visit to the CDCA focused on Technology & Social Media and the advances and contributions by local law enforcement partners to this endeavor.



As part of her visit to our District, the AG participated in a "Virtual Ride Along" (VRA) with the Los Angeles Police Department (LAPD). The VRA allowed community members to utilize social media outlets Twitter and Facebook to witness in real time the Attorney General's tour and interact with her via those social media platforms. The visit included touring the Los Angeles Police Department's (LAPD) Real Time Analysis & Critical Response Division (RACR) and viewing first-hand how the use of technology further provides police officers with greater awareness of events, and allows them to more effectively deploy law enforcement resources. Technology and social media are also utilized to further strengthen community relations and provide real time updates to the community on varying issues. Over the course of 2 days, Attorney General Lynch met with local law enforcement partners, community members, and local area youth to discuss police - community relations and efforts implemented to maintain and strengthen the ties between community and law enforcement. The tour concluded with a Facebook Live Event at



the Los Angeles home of Facebook in Playa Vista that further emphasized the use of various policing strategies and innovative resolutions to build mutual respect and coordination between law enforcement and members of the community.

Asian Pacific Heritage Month



Asian Pacific Heritage Month was celebrated in the Office on June 15th with a well-attended panel discussion on issues facing the Asian American and Pacific Islander Community. After an introduction by USA Eileen Decker, Executive AUSA Wes Hsu moderated an interesting panel discussion which featured: Commander Blake Chow from LAPD, Manjusha Kulkarni, the immediate past Executive Director of the South Asian Network, Stewart Kwoh, President and Executive Director of Asian Americans Advancing Justice, and Carol Lin from the Los Angeles County Sheriff's Department. The panel provided background on issues facing the Asian American and Pacific Islander Community from the law enforcement and community perspectives, and one of the many highlights of the discussion was Carol Lin making the point that AUSA's are the "super heroes" for our community.

Summer Night Lights

2016 marked the 5th year that the USAO participated in the City of Los Angeles Summer Night Lights (SNL) Program. SNL is a program sponsored by the City of Los Angeles' Mayor's Office of Gang Reduction & Youth Development (GRYD) as part of the City of Los Angeles continued violence reduction efforts. The program operates at 32 Recreation & Parks sites in Los Angeles and provides a safe space for local youth and their families by providing free meals, arts and crafts activities, and organized sports for all to enjoy during the summer months. In 2016, members of the USAO volunteered at the Highland Park Recreation Center in Northeast Los Angeles and the Jim Gilliam Recreation Center in South Los Angeles. The USAO volunteers assisted with nightly program activities including serving up Ice Cream sundaes for the community to enjoy.

30th Anniversary of the Supreme Court's landmark decision in Batson v. Kentucky

The Office co-sponsored a panel celebrating the 30th Anniversary of the Supreme Court's landmark decision in Batson v. Kentucky. United States District Judge Terry J. Hatter Jr., Los Angeles Superior Court Judge and Office-alumna Rupa Goswami, criminal division AUSA Mack Jenkins, Office-alumnus Chris Pelham, and Deputy Federal Public Defender Ron Chowdhury, participated in a lively and well-attended panel discussing Batson and its impact on jury selection.

Community Policing Week



As part of the Department of Justice's commitment to building stronger relationships between law enforcement and the communities they serve, the Office participated in over 14 events in support of community policing efforts around the country.

Community policing is a public safety philosophy based on partnership and cooperation between law enforcement and the communities that they are sworn to protect. At the center of community policing is the idea that all members of the community, both officer and civilian, have a stake in the safety of their neighborhoods where they live and work.

In 2016, the week of October 2 through 8 was designated National Community Policing Week. Throughout the week, the United States Attorney and many Assistant United States Attorneys participated in a wide variety of events throughout the CDCA. Included in the many activities were community fairs, "coffee with a cop" events, read alongs with children and police officers, and training presentations. Community Policing Week, and all of the activities that took place, allowed members of the Office to be more engaged with the community around the district, building relationships and continuing to discuss issues of concern with police officers and the communities they represent.





LGBT Pride Month event



The Central District of California Federal Family sponsored an event celebrating Lesbian, Gay, Bisexual and Transgender Pride Month with a brown bag lunch featuring Chief Judge Virginia A. Phillips. After an introduction by United States Attorney Decker, Judge Phillips spoke to the capacity crowd about her groundbreaking decision in Log Cabin Republicans v. United States et al., CV 04-8425-VAP, in which she held the U.S. military's "Don't Ask, Don't Tell" policy to be unconstitutional.

National Night Out



National Night Out is an annual community-building campaign that promotes police-community partnerships and neighborhood camaraderie to make our neighborhoods safer, more caring places to live. National Night Out has the goal of enhancing the relationship between neighbors and law enforcement while bringing back a true sense of community and provides a great opportunity to bring police and neighbors together under positive circumstances. This year, United States Attorney Decker, AUSAs, and staff members spent the evening with the Pasadena Police Department. During the evening, Chief Phillip Sanchez hosted a tour of various Pasadena neighborhood events all designed to bolster the partnerships and good will between law enforcement and the community they serve.

Law Enforcement Awards

For the 15th year in a row, the office was honored to host the Law Enforcement Awards ceremony for the Central District. This is our annual opportunity to say thank you and pay tribute to the many men and women of law enforcement who are dedicated and work tirelessly on behalf of the United States of America. This year the ceremony honored 301 recipients and the ceremony featured opening songs by the Transportation Safety Administration Chorus in honor of their service and the tremendous loss of TSA agent Gerardo Hernandez killed in the line of duty in 2013.



Cyber Security Summit



As part of Cyber Security Awareness Month, the USAO held its first ever Cyber Security Summit. The Summit was held in partnership with the Federal Bureau of Investigation, the University of Southern California, the Lares Institute, and the National Cyber-Forensics & Training Alliance. Top officials from utilities/critical infrastructure, local government, banking, the motion picture industry, the software industry, universities and law enforcement were in attendance at the Summit. The Summit offered information on new and developing cyber threats, preventing cyber-attacks, and recognizing and remediating attacks when they occur. Attendees also participated in "table top" exercises in which participants analyzed a cyber-attack, reflected on preparedness, and discussed the benefits of sharing data with law enforcement.

The Summit featured expert speakers on cyber intrusions and included an FBI briefing on the current threats to inform participants of the most recent types of cyber-attacks and defenses to those types of attacks. The perspective of the business community was represented by executives from Ernst & Young, Target Corporation, IBM and Sony Pictures Entertainment.

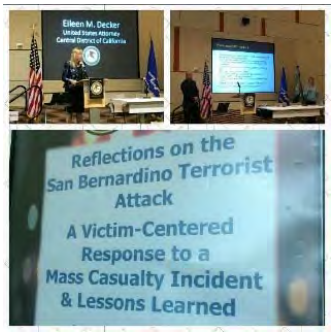


National Crime Victims' Rights Week

The Office commemorated National Crime Victims' Rights Week, a time to honor crime victims, the surviving families of homicide victims, and those who work directly to assist victims of crime. This year's theme, "Serving Victims. Building Trust. Restoring Hope," underscored the importance of early intervention and victim services in establishing trust with victims, which in turn begins to restore their hope for healing and recovery. In honor of crime victims, the Office participated in a special memorial at the San Bernardino County Government Center Rotunda organized by the San Bernardino County District Attorney's Office.

Mass Casualty Training

The Office hosted its first ever training for first responders on mass casualty events. The training was a day-long event that brought together first responders and experts to provide their insights on last year's terrorist attack in San Bernardino and important lessons learned that can be applied to other large-scale incidents. With a focus on the San Bernardino terror attacks of December 2, 2015 as the primary case study, the training featured presentations on the incident response and discussions on better serving the victim population after a large-scale event. The training examined the lessons learned from the coordinated response by first responders, the variety of issues that the victims will face, the need for victim-support teams, and how the victim-support teams can be most effective in their unique roles.



Hispanic Heritage Month



In October, the Office commemorated National Hispanic Heritage Month. The Office hosted an all-star panel from the legal profession: United States District Judge Philip S. Gutierrez; Antonia Hernández, CEO of the California Community Foundation; Irma Rodríguez Moisa, Senior Partner at Atkinson, Anderson, Loya, Ruud & Romo; and Office alumnus Rod Castro-Silva, Senior Assistant County Counsel at the LA County Counsel.

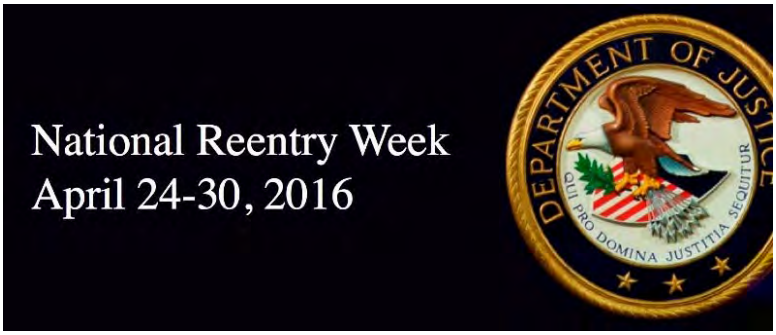
United States Attorney Decker made the introductions, and Executive AUSA Hsu moderated an interesting and informative panel discussion. The panelists each shared their experiences in the legal profession and encouraged audience members to contribute to their community. A large audience enjoyed Porto's snacks at the lunch hour event.

Law Day 2016

As part of Law Day 2016, the office hosted a commemoration of the 50th Anniversary of Miranda v. Arizona. AUSA Lawrence S. Middleton, Chief of the Criminal Division, was joined by Federal Public Defender Hilary Potashner to discuss the current impact of Miranda on federal criminal cases. The event began with opening remarks from Loyola Law School Professor and Office alumna Laurie Levenson.

National Reentry Week

The Office, as well as the Department of Justice, participated in activities to celebrate National Reentry Week including resource fairs that will connect individuals with housing, legal aid, community-based reentry services and other vital resources and employment-related events where recently released individuals will have the opportunity to connect with employers and job search resources. Presentations were made on the barriers they may face upon reentry. Across the country, the week featured stakeholder meetings, over 25 graduation ceremonies from reentry court, GED or vocational training programs and reentry simulations where community partners experienced the real-life issues facing reentering individuals with a focus on such hurdles as job searching, drug testing, having a probation officer, dealing with outstanding warrants, and finding affordable housing.



Heroin and Opioid Awareness Campaign

As part of the Department of Justice's program of addressing the issue of Heroin and Opioid abuse, the Office launched an awareness campaign to coordinate educational outreach efforts at colleges throughout the Central District. The programs will educate college students on prescription drug abuse, including explaining what opiate prescription drugs are, the dangers they pose, the particular dangers posed by drug counterfeiting, and what to do in the event of a potential overdose.



The FBI video "Chasing the Dragon" is incorporated into the presentations to help illustrate the real life issues presented. The presentations are supplemented with a panel presentation by a medical doctor, FBI and/or DEA Special Agents and a local law enforcement officer.

8th Annual Cyber Crime Prevention Symposium



The United States Attorney's Office co-hosted the Eighth Annual Cyber Crime Prevention Symposium for middle and high school students, teachers, administrators, and parents. This unique Symposium provides training and age appropriate workshops conducted by law enforcement and community experts on cyber safety, including child exploitation, cyber bullying, sexting, sextortion, malware and digital reputation.

This year's Symposium featured an exciting video welcome featuring United States Attorney Decker along with FBI Assistant Director in Charge Deidre Fike, Los Angeles City Attorney Mike Feuer, Los Angeles District Attorney Jackie Lacey, Inter-Agency Council on Child Abuse and Neglect Executive Director Deanne Tilton Durfee, Archbishop Gomez, Los Angeles County Sheriff Jim McDonnell, and Los Angeles Police Chief Charlie Beck. In addition, Task Force partner Disney Television surprised the students with two stars from current Disney shows who shared their stories on cyber safety and citizenship.

African American Heritage Month

In partnership with the Federal Public Defender's Office, the Office held a special event to commemorate African American Heritage month. The lunchtime event was standing room only and featured inspirational words from the Honorable Otis D. Wright II, United States District Judge, the Honorable Andre Birotte Jr., United States District Judge, and the Honorable Karen L. Stevens, United States Magistrate Judge. The speakers offered their perspectives on how diversity in the legal profession affected their careers.

National Rebuilding Day



AUSAs from the Office participated in this year's National Rebuilding Day by helping to paint a mobile home in Orange County for owners that could not accomplish it themselves. The sacrifice of these AUSAs and staff members' personal time for this charitable cause is a testament to their amazing character and true dedication to public service.

Anti-Defamation League Helene & Joseph Sherwood Prize for Combatting Hate

The Anti-Defamation League awarded its coveted Helene & Joseph Sherwood Prize for Combating Hate to the law enforcement entities who responded to the San Bernardino terrorist attack. The United States Attorney's Office was one of the entities recognized with the award. More than 100 Assistant United States Attorneys and staff contributed to the response to San Bernardino.



Denim Day



In the 2016, for the first year, the Office participated in "Denim Day." Denim Day honors Sexual Violence Awareness Month. The idea of Denim Day was triggered by a ruling by the Italian Supreme Court where a rape conviction was overturned because the court felt that since the victim was wearing tight jeans she must have helped her rapist remove her jeans, thereby implying consent. Wearing jeans on Denim Day has become a symbol of support for the victims of sexual assault.

Annual Toy Drive

Each year for the last 20 years, the office participates in an annual holiday toy drive by collecting new toys for children of all ages. AUSAs and staff make donations which are given to children in the Compton Unified School District. Hundreds of toys, books and games were collected this year as well as $5,457.00 – a record setting amount for our office. This year 150 families and over 500 children received gifts as a result of the generosity of members of the office. Families received a hot meal. Children visited with Santa, had children's stories read to them, and chose a toy.



Many Thanks and Appreciation to Our Federal Law Enforcement Partners

Amtrak Office of Inspector General

Bureau of Alcohol, Tobacco, Firearms and Explosives

Defense Criminal Investigative Service

Department of the Army – Office of Special Investigations

Department of Agriculture – Office of Inspector General – Investigations

Department of Commerce – Bureau of Industry and Security – Office of Export Enforcement

Department of Education – Office of Inspector General

Department of Health & Human Services – Office of Inspector General

Department of Homeland Security

Department of Homeland Security – Customs and Border Protection

Department of Homeland Security – Office of Inspector General – Office of Investigations

Department of Housing and Urban Development – Office of Inspector General

Department of Justice – Office of Inspector General

Department of Labor – Office of Inspector General

Department of State – Diplomatic Security Service

Drug Enforcement Administration

Environmental Protection Agency - Criminal Investigations Division

Federal Air Marshal Service

Federal Bureau of Investigation

Federal Bureau of Prisons

Federal Deposit Insurance Corporation – Office of Inspector General

Federal Housing Finance Agency – Office of Inspector General

Federal Trade Commission

Fish and Wildlife Service – Office of Law Enforcement

Food & Drug Administration – Office of Criminal Investigations

General Service Administration – Office of Inspector General

ICE – Homeland Security Investigations

ICE – Office of Professional Responsibility

Immigration & Customs Enforcement and Removal Operations

Internal Revenue Service – Criminal Investigations

NASA Office of Inspector General

Naval Criminal Investigative Services

Securities & Exchange Commission

Small Business Administration – Office of Inspector General

Social Security Administration

United States Forest Service Law Enforcement & Investigations

United States Citizenship & Immigration Services

United States Coast Guard

United States Coast Guard – Investigative Service

United States Marshals Service

United States Postal Inspection Service

United States Postal Service

United States Secret Service

Thank you also to all of our police and sheriff's departments across the Central District of California.

2016 USAO LEADERSHIP

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General Crimes	Lizabeth Rhodes
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Santa Ana Branch & Special Counsel to U.S. Attorney	Dennise Willett
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Civil Rights	Joanna Hull
Financial Litigation	Indira Cameron-Banks
Civil Appeals	Jessica Cheh

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Cover photo courtesy of the Drug Enforcement Administration.



This year-end report is intended solely as a partial listing of the 2016 casework of the United States Attorney's Office for the Central District of California. Nothing in this report is intended to represent the official position of the Department of Justice or the U.S. Attorney's Office. It has no regulatory effect, and confers no rights or remedies.