

U.S. Attorney's Office Eastern District of Kentucky



Annual Report 2022

Contents

Page

3 About the U.S. Attorney's Office

4 By The Numbers

5 Project Safe Neighborhoods

9 Combatting Drug Trafficking & Preventing Overdose Deaths

15 Project Safe Childhood

20 Civil Rights Enforcement

24 Public Corruption

25 Pandemic Relief Fraud

27 Healthcare Fraud

28 Financial Fraud

30 Cybercrime

31 Financial Litigation and Asset Forfeiture

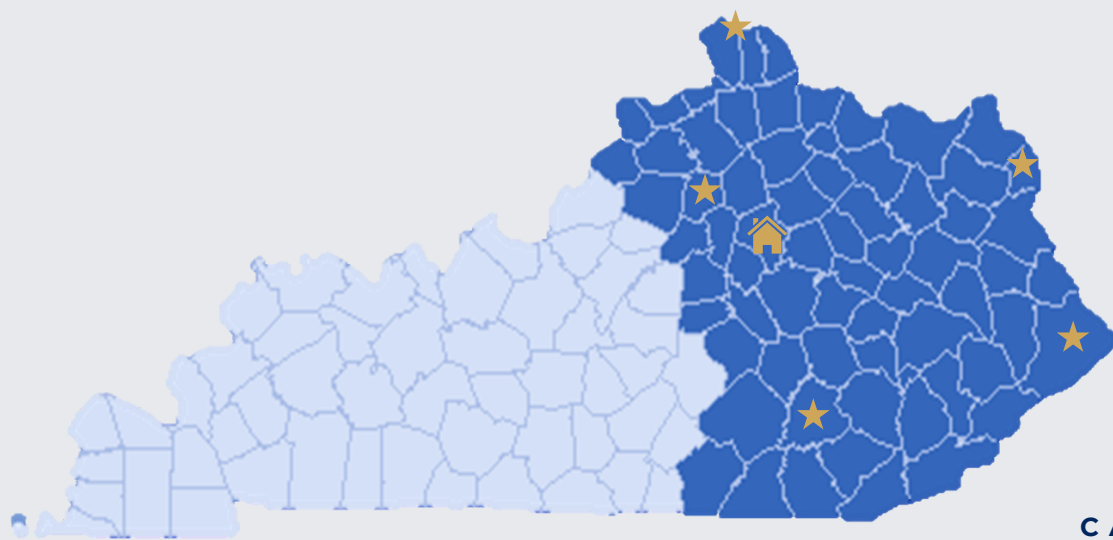
32 Defensive Litigation

33 Significant Appellate Cases

34 Contact the U.S. Attorney's Office

About

U.S. ATTORNEY'S OFFICE EASTERN DISTRICT OF KENTUCKY



U.S. ATTORNEY
CARLTON S. SHIER, IV

Carlton S. Shier, IV is the United States Attorney for the Eastern District of Kentucky.

As United States Attorney, Mr. Shier serves as the chief federal law enforcement officer for the Eastern District of Kentucky. In that capacity, Mr. Shier oversees the investigation and prosecution of all federal crimes and the litigation of all civil matters in which the United States has an interest.

The Eastern District of Kentucky was established in 1901. It encompasses the 67 eastern most Counties of Kentucky and includes the United States District Courts in Lexington, Frankfort, Covington, Ashland, Pikeville, and London.

The United States Attorney's Office is headquartered in Lexington and has staffed branch offices in London and Ft. Mitchell. Mr. Shier leads a staff of approximately 110-115, consisting of attorneys, litigation support professionals, and administrative professionals.

Mr. Shier has served in the office since 2010 and assumed the duties of United States Attorney in January 2021.

Eastern District of Kentucky

By the Numbers



497 Defendants Charged

In Fiscal Year 2022, our Office charged 497 defendants. Thirty-two defendants went to trial, representing 6.4% of our charged offenders, which is more than double the national average for U.S. Attorney's Offices.



94% Criminal Conviction Rate

Our Office convicted 94% of the criminal defendants that we charged.



93.8% of Defendants Go To Prison

93.8% of offenders prosecuted by our Office are sentenced to prison – higher than the national average of 89% for United States Attorney's Offices.



110 Months is the Average Sentence

The mean sentence length for defendants prosecuted by our Office is 110 months – more than double the national average of 51 months. Similarly, the median sentence in our District is 84 months, compared to the national median of 26 months.



\$43.5 million Collected for Victims and the Government

In 2022, our Office collected \$16.79 million in restitution for crime victims and collected \$14 million through asset forfeiture. Through Affirmative Civil Enforcement cases in 2022, our Office entered settlements recovering \$12.8 million for the Government. Our annual Office budget is approximately \$9 million, meaning we collect far more for the Government than we cost.



Over 2 million Kentuckians live in the Eastern District of Kentucky

Project Safe Neighborhoods

Launched in 2001, the Project Safe Neighborhoods Program (PSN) remains the centerpiece of the Department of Justice's efforts to combat violent crime. PSN is a nationwide initiative that brings together federal, state, and local law enforcement officials, prosecutors, community leaders, and other stakeholders to identify the most pressing violent crime problems in the community and develop comprehensive solutions to address them.

PSN is coordinated by the U.S. Attorney's Office in each federal judicial district and is customized to account for local violent crime problems and resources. In the Eastern District of Kentucky, local federal partners include the Louisville field offices of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), the Drug Enforcement Administration (DEA), and the Federal Bureau of Investigation (FBI).

In 2021, the Department launched a violent crime reduction strategy strengthening PSN, focusing on newly articulated core principles: fostering trust and legitimacy in our communities, supporting community-based organizations that help prevent violence, setting focused and strategic enforcement priorities, and measuring results.



U.S. v. Zepada, et al.

Ramon Camacho Zepada, Rosario Diaz Barraza, John Carlos Betancourt, Jose Felix Tlatenchi, and Jean Michael Serrano-Jimenez were all convicted of crimes associated with the deadly kidnapping of two individuals in Lexington. Zepada and Barraza were distributing cocaine and heroin in Fayette County, and one of the victims owed them a debt in connection with the drug trafficking. The Defendants tied the victims to chairs and struck them repeatedly. The Defendants then placed plastic bags over the victims' heads, smothering them to death. They hid the victims' bodies in the trunk of one of the victim's cars, where they were discovered days later by one of the victims' wives.

The Result: Zepada was sentenced to life in prison; Barraza to 35 years; Betancourt to 84 months; Tlatenchi to 121 months; and Serrano-Jimenez to 168 months.



Lexington, KY



DEA Louisville, Kentucky State Police, and Lexington Police Department

U.S. v. Edmonson, et al.

Douglas Edmonson, Bryanna Soper, Dallas Perkins, and Erik Peace were part of a drug trafficking group. As retaliation for a perceived methamphetamine debt, the Defendants used the Facebook account of an uninvolved individual to lure a woman to Tennessee, under the pretense of setting up a drug deal. When the victim arrived, the Defendants used the threat of a revolver and homemade pipe bomb to force her into a vehicle. The Defendants then transported the victim – blindfolded and bound – to a remote trailer in Corbin. There, the Defendants bound the victim to a chair and placed a gag in her mouth. During the two-day kidnapping, the Defendants used butane torches to burn the victim's feet, thighs, and head; struck her in the head with a hard plastic pipe; and sexually assaulted the victim with a PVC pipe and rusty barbed wire. The Defendants demanded that the victim produce a large quantity of meth or \$10,000 in exchange for her release. When law enforcement arrived at the kidnapping scene, they located and detonated several homemade bombs.

The Result: Edmonson was sentenced to 43 years in prison; Soper to 33 years; Perkins to 21 years; and Peace to 110 months.



London, KY



ATF Louisville, Kentucky State Police, and Williamsburg Police Department

U.S. v. Messer, et al.

Motivated by an unsuccessful drug deal, Jake Messer directed the armed kidnapping of two victims, who were transported to a remote trailer in Clay County. There, they were held for several hours, interrogated, threatened, and assaulted. During the kidnapping, Jake Messer held down the female victim and raped her. His father, George Oscar Messer, then duct taped the victim and raped her a second time, at gunpoint. Law enforcement ultimately recovered 15 firearms, including an assault rifle, from the Messer residence.

The Result: Both Messers were sentenced to life in prison.



London, KY



ATF Louisville and Kentucky State Police

U.S. v. Baker

Patrick Baker fatally shot Donald L. Mills, Jr., during an armed home invasion in the Stinking Creek community of Southeastern Kentucky. Mr. Mills' pregnant wife and children were held at gunpoint, while Baker ransacked the victims' home searching for oxycodone pills. Baker planned the robbery with others, and entered the Mills' home posing as a Deputy United States Marshal.

The Result: Baker was sentenced to 474 months in prison.



London, KY



ATF Louisville and Kentucky State Police

U.S. v. Edwards

Charles Ray Edwards was convicted of dealing heroin and fentanyl in Southeastern Kentucky. As part of his trafficking crimes, Edwards wounded two individuals in a shooting incident in Knox County. Then, during an attempted robbery of a convenience store, a bystander in the store was shot and killed. Edwards committed these crimes with firearms he was prohibited from possessing, as a convicted felon.

The Result: Edwards was sentenced to 105 years in prison.



London, KY



ATF Louisville and Kentucky State Police

U.S. v. Hersey

In the middle of the afternoon in downtown Lexington, J'Lynn Hersey ambushed an individual who was leaving the courthouse. Hersey fired several shots using a stolen Glock pistol. Hersey committed this shooting while under a state court indictment for first degree assault, wanton endangerment, and other offenses.

The Result: Hersey was sentenced to 41 months in prison.



Lexington, KY



ATF Louisville and Lexington Police Department

U.S. v. Miller

Tiffany Miller, of Auburn, IN, was under the influence of methamphetamine and was a fugitive, with multiple pending arrest warrants, when she stole a firearm and truck in Knott County. When pursued by a Kentucky State Police trooper, Miller refused to exit the stolen truck and shot the trooper in the shoulder, using the stolen gun. Miller also fired a shot at a second trooper who responded to the scene. It took several additional Kentucky State Police officials to ultimately place Miller in custody. At the time of these incidents, Miller had multiple prior felony convictions, which included violence and resisting arrest.

The Result: Miller was sentenced to 20 years in prison.



Pikeville, KY



ATF Louisville and Kentucky State Police

U.S. v. Cole, et al.

Christopher Cole was convicted of carjacking and multiple firearms offenses in connection with two separate carjackings. During one, the victim jumped on the hood in an attempt to prevent the theft; he let go only when threatened with a firearm, sustaining injuries, including a broken leg and collarbone. Days before, Cole had committed another armed carjacking.

The Result: Cole was sentenced to 277 months in prison. His co-defendants, Angela Vanover and Brandi Hurt, were sentenced to 126 months and 67 months.



Pikeville, KY



ATF Louisville, Perry County Sheriff's Office, Knott County Sheriff's Office, with assistance from Kentucky State Police

U.S. v. Johnson

Marlon Jermaine Johnson led law enforcement on a high-speed chase, through residential neighborhoods in Corbin, before crashing into a parked car. A search of his vehicle revealed more than a kilogram of methamphetamine and a loaded firearm, which Johnson was prohibited from possessing as a convicted felon.

The Result: Johnson was sentenced to 25 years in prison.



London, KY



DEA Louisville, Knox County Sheriff's Office, and Operation UNITE

U.S. v. Glorioso, et al.

Charles Glorioso and Nathan Welch kidnapped a woman at knifepoint. The victim was driving the two men in her vehicle from Portsmouth, OH, into Greenup County. There, the men physically and sexually assaulted her, causing multiple injuries. When they released her, she traveled back across the river on foot.

The Result: Glorioso was sentenced to 390 months in prison; Welch to 384 months.



Ashland, KY



FBI Louisville, Kentucky State Police, and Portsmouth Police Department

U.S. v. Smithers

Johnathan Lee Smithers, of Catlettsburg, physically assaulted his girlfriend, by punching her in the mouth and threatening to shoot her. Later that day, he brandished a firearm, while confining the victim to a car, and assaulted her with the gun, injuring her. Smithers then drove the victim to the Flatwoods area. Still armed, Smithers forced the victim to accompany him on foot, requiring her to climb fences, trespass on private property, and navigate random routes around the area for hours. Eventually, the victim collapsed from exhaustion and Smithers dragged her body to an area near an apartment building. At that point, the victim was able to escape and hide. Law enforcement later approached Smithers, who responded by shooting the officer in the throat. The wounded officer survived his life-threatening injury.

The Result: Smithers was sentenced to life in prison.



Ashland, KY



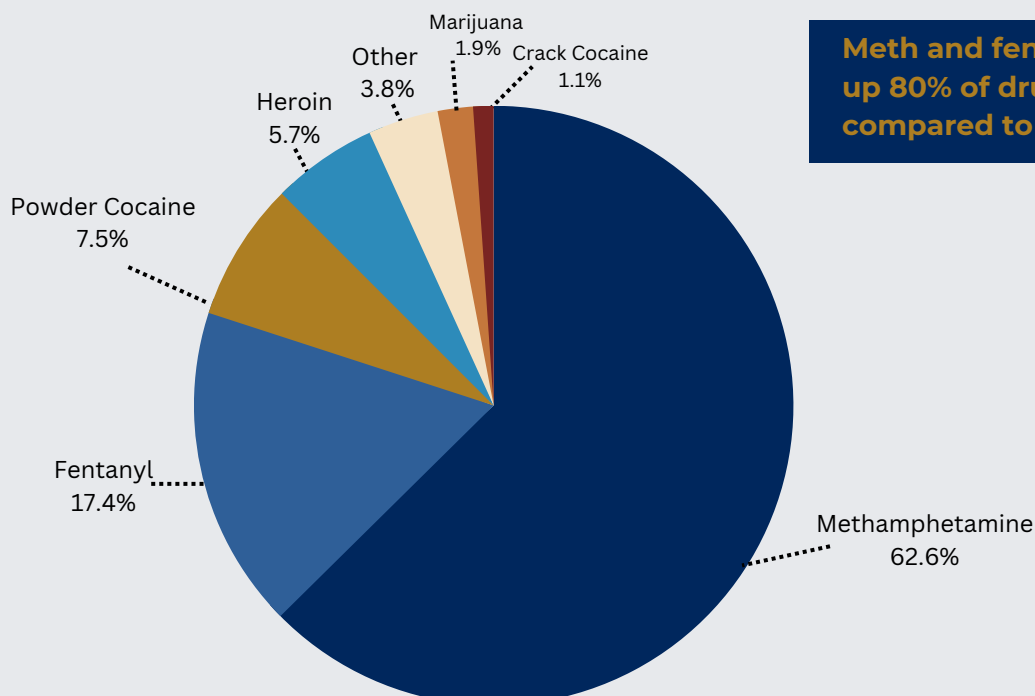
ATF Louisville, Kentucky State Police, Ashland Police Department, and Flatwoods Police Department

Combating Drug Trafficking & Preventing Overdose Deaths

Drug trafficking and substance abuse continue to take a significant toll on communities in the Eastern District of Kentucky. In 2022, 2,135 Kentuckians died from a drug overdose; most of these deaths involved opioids, including fentanyl. The U.S. Attorney's Office addresses this harm in several ways:

- We prioritize the prosecution of traffickers whose distribution of illicit drugs leads to overdose deaths.
- We combat drug trafficking by simultaneously targeting trafficking organizations, their suppliers, and their regional and local distribution networks.
- We focus attention on the diversion of prescription drugs to illegitimate consumers, including by holding accountable medical professionals and corporations involved in writing and filling illegal prescriptions.
- We seek to increase community understanding of the opioid epidemic and help stop the cycle of substance abuse through education and outreach with our Heroin Education Action Team ("HEAT").

Drug Cases Prosecuted in EDKY



Meth and fentanyl make up 80% of drug cases in EDKY, compared to 60% nationally.

Fentanyl is a powerful synthetic opioid. It is approximately 100 times more potent than morphine and 50 times more potent than heroin. Two milligrams of fentanyl can be lethal – meaning a single gram could contain hundreds of potentially lethal doses. Often consumed unknowingly by drug users, illicit fentanyl is driving the number of overdose deaths. In 2022, there were 2,135 overdose deaths in Kentucky. Fentanyl was involved in 72.5% of those deaths – nearly 3 of every 4.



2 mg

POTENTIALLY LETHAL DOSE



U.S. v. Huegel

Daniel Julian Huegel sold fentanyl to a victim in the Meijer parking lot in Florence. Texts between Huegel and the victim showed that Huegel knew the fentanyl was potent. The victim texted Huegel after consuming the drug, indicating that he was going to pass out and asking if it was safe to go to sleep. Huegel assured the victim that he would “sleep like a baby.” The victim died from a drug overdose.

The Result: Huegel was sentenced to 20 years in prison.



Covington, KY



DEA Detroit, Northern Kentucky Drug Strike Force, and the Hamilton County Heroin Task Force

U.S. v. Means

Donald Means sold a mixture of heroin and fentanyl to a victim in Lincoln County, who died from an overdose after ingesting the drugs. Means was aware of the potency of the drug mixture, as text messages showed that he told the victim about a previous overdose from the substance.

The Result: Means was sentenced to 20 years in prison.



Lexington, KY



FBI Louisville and Pulaski County Sheriff's Office

U.S. v. Stevens, et al.

A victim in Oldham County died from an overdose after consuming fentanyl. The victim purchased the fentanyl in Lexington, from Ashley Markham, who believed the substance was heroin. Markham had purchased the drug from Mantell Stevens, who was her regular supplier.

The Result: Markham was sentenced to 125 months in prison; Stevens was sentenced to 40 years.



Lexington, KY



DEA Louisville, Oldham County Police Department, and Lexington Police Department

U.S. v. Geer, et al.

Radaja Ford led an armed drug trafficking group that served as a major source of supply for fentanyl and heroin in Covington. The group, which included Keith Upshaw and Taravon Geer, distributed multiple kilograms of fentanyl and other drugs over a two-year period. Law enforcement made sixteen controlled buys from the group, arranging each transaction by calling a common cell phone number and coordinating the buy with either Ford or Geer. Ford was observed using a firearm to threaten buyers, including by pistol-whipping someone during a dispute over a drug transaction.

The Result: Ford was sentenced to 19 years in prison, Upshaw to 5 years, and Geer to 18 years.



Covington, KY



FBI Louisville and Covington Police Department

U.S. v. Taylor

Beginning in 2017, Maurice Taylor, of Lexington, agreed to receive large shipments of cocaine and fentanyl from an out-of-state supplier. Law enforcement identified and searched Taylor's stash houses, uncovering over eight kilograms of fentanyl. When apprehended, Taylor possessed one kilogram of cocaine and \$18,000 in cash.

The Result: Taylor was sentenced to 385 months in prison.



Lexington, KY



FBI Louisville, DEA Louisville, and the Lexington Police Department

U.S. v. Pope, et al.

Tamar Pope, of Cincinnati, supplied more than 30 pounds of crystal methamphetamine and 15 pounds of fentanyl to a group of traffickers that distributed these drugs in Northern Kentucky and Southern Ohio. Pope had four previous convictions for drug trafficking.

The Result: Pope was sentenced to 262 months in prison. Five co-conspirators were also sentenced: Allie Skirvin to 202 months; Holly McHenry to 180 months; Robert Pflug to 144 months; Travis Lelesch to 84 months; and Thomas Powers to 48 months.



Covington, KY



DEA Detroit, Villa Hills Police Department, and Newport Police Department

U.S. v. Hembree, et al.

Bud Hembree, of Richmond, conspired with others to distribute more than 40 grams of fentanyl. After his arrest, law enforcement monitored Hembree's jail calls. The calls revealed that, while he was incarcerated, Hembree directed his co-conspirators to continue distributing fentanyl.

The Result: Hembree was sentenced to 230 months in prison. Eight co-conspirators were also sentenced: Justin Howell to 255 months; Joseph McElroy to 240 months; Misty Riddell to 120 months; Leon Benson to 105 months; Tiffany McCormick to 87 months; Claudia Gibson to 37 months; and Shanquenta Bulley to 36 months.



Lexington, KY



DEA Louisville, Kentucky State Police, Madison County High Intensity Drug Trafficking Area (HIDTA) Task Force, Richmond Police Department, Berea Police Department, and Madison County Sheriff's Office

U.S. v. Baise, et al.

Jesse Baise, Joshua Gamble, Amanda Cochran, John Knotts, and others, were armed drug traffickers, who distributed methamphetamine in Boyd and Greenup Counties. When Baise's residence and vehicle were searched, law enforcement found more than 400 grams of methamphetamine and four firearms, which he was prohibited from possessing as a convicted felon. When Gamble's residence was searched, law enforcement similarly found 160 grams of methamphetamine and four firearms. Later, Cochran and Knotts led law enforcement on a car chase, during which Knotts fired at the officers. Once the vehicle was stopped, officers found four firearms, more than 50 grams of methamphetamine, and 9 grams of heroin.

The Result: Baise was sentenced to 15 years in prison; Gamble to 200 months; Cochran to 15 years; and Knotts to 98 months.



Ashland, KY



ATF Louisville, DEA Louisville, Northeast Kentucky Drug Task Force, and Flatwoods Police Department

U.S. v. Dawson, et al.

Paul Dawson, Jamil McFarland, Dequareon McKissick, Tavie Smith, and others, were armed drug traffickers who conspired to bring fentanyl from Detroit to Lexington to be sold. Each month over the course of at least a year, the conspiracy used couriers traveling in passenger cars and on commercial buses to transport 200-300 grams of fentanyl from Detroit to Lexington. When law enforcement searched one of the group's stash houses, in Richmond, Dawson and McFarland were both present and Dawson attempted to destroy evidence, by flushing over 50 grams of fentanyl down the toilet. Dawson was also in possession of a loaded pistol, which had been stolen from Detroit. While released on bond, McFarland continued to participate in drug trafficking. When law enforcement searched another of the group's stash houses, McFarland and McKissick were both present and in possession of over 60 grams of fentanyl and three firearms. At Smith's residence, law enforcement found 1,800 grams of fentanyl mixtures, \$25,000 in cash, and two loaded firearms, including an AR-15 rifle with a 100-round magazine.

The Result: Dawson was sentenced to 16 years in prison; McFarland to 135 months; McKissick to 10 years; and Smith to 15 years.



Lexington, KY



ATF Louisville, Kentucky State Police, Lexington Police Department, and Madison County Sheriff's Office

U.S. v. McCawley

Eric McCawley was an armed drug trafficker in Lexington. When law enforcement searched McCawley's residence, they found 138 grams of fentanyl, 896 grams of methamphetamine, over \$18,000 in cash, and thirteen firearms, which he was prohibited from possessing as a convicted felon.

The Result: McCawley was sentenced to 195 months in prison.



Lexington, KY



DEA Louisville and Lexington Police Department

U.S. v. Hargis

William Hargis was a drug supplier who was storing, packaging, and cutting illicit drugs in a Lexington office building. There, law enforcement found more than 50 pounds of methamphetamine, four firearms, cocaine, and additional drug trafficking items. Hargis laundered money by visiting casinos to place bets to conceal the source of his drug trafficking proceeds.

The Result: Hargis was sentenced to 35 years in prison.



Lexington, KY



DEA Louisville, Kentucky State Police, and Lexington Police Department

U.S. v. Charles, et al.

James Garfield Charles, of Lexington, distributed methamphetamine himself and supplied methamphetamine to others, including Vincent Adams Vassor, of Los Angeles, and Antonio Cloyd, also of Lexington. During a search, law enforcement found Charles in possession of distribution quantities of several drugs, including fentanyl, heroin, cocaine, and marijuana.

The Result: Charles was sentenced to 380 months in prison; Vassor to 320 months; Cloyd to 180 months.



Lexington, KY



DEA Louisville and Kentucky State Police

U.S. v. Robinson, et al.

Jayshawn Robinson, of Detroit, regularly imported methamphetamine and heroin into Johnson and Magoffin Counties to supply drug dealers. In total, Robinson worked together with others to distribute more than 500 grams of methamphetamine. Once incarcerated, Robinson arranged to buy a drug mixture containing fentanyl that had been smuggled into the jail, with the intention of distributing it to other inmates.

The Result: Robinson was sentenced to 185 months in prison. His co-conspirators, Charles Chandler, Ashley Johnson, and Cory Johnson, were sentenced to 90 months, 80 months, and 46 months, respectively.



Pikeville, KY



DEA Louisville, Kentucky State Police, Operation UNITE, and Johnson County Sheriff's Office

U.S. v. Matthews, et. al.

31 F.4th 436 (6th Cir. 2022)

The Sixth Circuit affirmed the conviction of one defendant and the sentence of another for their participation in a conspiracy to distribute about 1,680 kilograms of cocaine, 2,050 pounds of marijuana, and 40 pounds of methamphetamine, and to launder up to \$1 billion of cash in drug proceeds for the Sinaloa Mexican drug cartel. Katharine E. Matthews partnered with Robert W. Carlson to use private planes to fly illegal drugs, belonging to the cartel, from California to Eastern cities, including Lexington, Louisville, New York, Charlotte, Atlanta, and Miami. The investigation began with a drug seizure from a private plane that landed at Bluegrass Airport in Lexington, arriving from Southern California.

U.S. v. Stanton, et al.

Gateway Medical Associates was a pain management clinic in Tennessee. Dr. John Maccarone was its owner and Dr. John Stanton served as its Medical Director. At the clinic, Stanton and Maccarone prescribed a combination of drugs – often oxymorphone and oxycodone – to individuals who exhibited obvious signs of diversion and abuse, such as repeatedly failing drug tests, traveling more than four hours each way to the clinic, and waiting 10 or more hours to be seen. Drug traffickers from Southeastern Kentucky, including Terry Prince and Jeffrey Ghent, used Gateway as a source of supply because it was easy for people to get prescriptions filled there. Traffickers admitted that they paid the costs for patients – often those addicted to drugs – to travel to the clinic and then fill their prescriptions in Kentucky. The patients then shared the prescription drugs with the traffickers, who in turn sold them.

The Result: Stanton was sentenced to 10 years in prison and ordered to forfeit \$318,300 and his medical license. Maccarone was sentenced to 7 years, ordered to forfeit approximately \$204,000, to pay a \$1.3 million money judgment, and to forfeit his medical license. Prince was sentenced to 68 months and ordered to pay \$250,000. Ghent was sentenced to 5 years and ordered to pay \$150,000.



London, KY



DEA Louisville, Kentucky Attorney General's Office, Tennessee Bureau of Investigation, and the London Police Department, with assistance from the Lake Cumberland Area Drug Task Force, Clarksville, Tennessee Police Department, Clay County Sheriff's Office, and Knox County Sheriff's Office

U.S. v. Pasternak, et al.

John Pasternak, of Barbourville, “sponsored” patients to obtain access to prescription painkillers, which Pasternak then sold. He did so by covering the costs of the patients' doctor visits and of the prescriptions. In some instances, he also provided transportation to the doctor's office and the pharmacy. The sponsored patients then turned some of the drugs over to Pasternak (which he sold) or sold the drugs themselves, sharing the proceeds with Pasternak. Pasternak had arranged for those prescriptions to be filled by pharmacist Calvin Manis, at Manis's pharmacy in Barbourville. Manis admitted he illegally dispensed 31,332 oxycodone pills, 434 hydrocodone pills, and 3,966 oxymorphone pills, as part of the conspiracy. Manis resigned his position as a Barbourville City Council member after pleading guilty to the offense.

The Result: Pasternak was sentenced to 55 months in prison; Manis was sentenced to 100 months. Pasternak agreed to forfeit \$250,000 in proceeds. Manis agreed to forfeit the property on which his pharmacy was located and the pharmacy's bank account, holding \$216,740.



London, KY



DEA Louisville, Kentucky State Police, and Lexington Police Department

U.S. v. Pikeville Medical Center

Pikeville Medical Center, a hospital in Pikeville, agreed to pay the United States \$4,394,600 in civil penalties, to resolve allegations that its violations of the Controlled Substances Act's recordkeeping provisions resulted in significant diversion of opioids from its pharmacy. Because the hospital failed to maintain complete and accurate inventories of its controlled substances, a pharmacy technician was able to steal more than 60,000 dosage units of oxycodone, hydrocodone, and methadone from the hospital's narcotics vaults and MedStations. These pills were ultimately unlawfully distributed in the community by the pharmacy technician's husband. Both the pharmacy technician and her husband were separately prosecuted for conspiring to distribute controlled substances.

The Result: The settlement, which is one of the nation's largest involving allegations of drug diversion at a hospital, requires Pikeville Medical Center to pay \$4,394,600 in civil penalties and improve its internal policies for managing controlled substances.



Pikeville, KY



DEA Louisville and the Kentucky Board of Pharmacy

Project Safe Childhood

Launched in May 2006, Project Safe Childhood is a nationwide initiative created to combat child sexual exploitation and abuse. Led by United States Attorneys' Offices and DOJ's Child Exploitation and Obscenity Section, Project Safe Childhood uses a network of federal, state, and local law enforcement and advocacy organizations to investigate and prosecute crimes involving child sexual exploitation including:

- child pornography
- online enticement or coercion of a child for sexual purposes
- interstate or foreign travel to have sex with a child
- child sex trafficking



U.S. v. Johnson

Scotty Dale Johnson, of Madison County, created a Snapchat account posing as a teenage girl for the purpose of befriending teenage boys and persuading them to create and send sexually explicit images or videos of themselves. Johnson attempted to persuade at least nine teenage boys to produce sexually explicit images via this fraudulent account. Johnson also created a second fake Snapchat identity, posing as a male friend or relative of his teenage girl persona, which he used to threaten boys who did not engage with him frequently or that did not send the desired sexually explicit images. Ultimately, law enforcement discovered that Johnson was corresponding with over 1,000 individuals on Snapchat, many being minors.

The Result: Johnson was sentenced to 20 years in prison.



Lexington, KY



FBI Louisville, Kentucky State Police, and University of Kentucky Police Department

U.S. v. Fraley

Dale Allen Fraley, of Lawrence County, used online personas to entice and coerce minor girls into creating and sending sexually explicit images or videos of themselves. Fraley also used the personas to persuade girls to travel to his home to gain sexual experience and, during some of those visits, recorded the sexual activity. Fraley first lured each victim by creating fictitious Facebook accounts, each time posing as a young, attractive man, who would eventually become the victim's online boyfriend. Armed with sexually explicit images obtained by the boyfriend personas, Fraley used blackmailer personas to send threatening Facebook messages to the victims, sextorting the victims to perform more sex acts or create more explicit images.

The Result: Fraley was sentenced to 57 years in prison.



Ashland, KY



FBI Louisville and Eastern Kentucky University Police

U.S. v. Livingood

Christopher Wayne Livingood, of Bourbon County, was previously employed in law enforcement. He used the Kik social media application to engage in a year-long series of chats with another individual interested in child pornography. During these chats, Livingood discussed the sexual acts he purported to be engaging in with an infant and another child. Livingood produced sexually explicit images of the infant victim, who was in his care at the time, and shared the images with his chat partner. Livingood also possessed sexually explicit images of other minors that he obtained on the internet.

The Result: Livingood was sentenced to 30 years in prison.



Lexington, KY



FBI Louisville

U.S. v. Ramsey-Greene

Daniel Randall Ramsey-Greene, of Bell County, forced his foster son to smoke marijuana and then sexually molested him. Ramsey-Greene also used a wireless camera in his home's bathroom to capture videos and photographs of his foster son's genitals. When law enforcement seized Ramsey-Greene's cell phone and wireless camera, they discovered that Ramsey-Greene had produced sexually explicit images of another foster child that Ramsey-Greene ultimately adopted.

The Result: Ramsey-Greene was sentenced to 25 years in prison.



London, KY



FBI Louisville, Kentucky State Police, and Middlesboro Police Department

U.S. v. Hall, Jr.

Charles Evan Hall, Jr., a Letcher County Middle School teacher, sexually assaulted a student and persuaded her to create a secret Snapchat account. Hall then manipulated the minor into creating and transmitting sexually explicit pictures and videos to him using the account. After the Kentucky State Police seized his cell phone, Hall used an Instagram account to cyberstalk the student. He repeatedly requested that she help him destroy evidence and threatened her when she did not comply. Following his arrest, Hall bartered with his cellmate to get someone who was not in custody to continue his cyberstalking campaign.

The Result: Hall was sentenced to 370 months in prison.



Pikeville, KY



FBI Louisville and Kentucky State Police

U.S. v. DeLeon

Jimmy DeLeon, of Winterpark, FL, traveled to Kentucky to take custody of two young girls, ages 11 and 12, for the purpose of sexually assaulting them and producing images and videos of the abuse. DeLeon had a prior relationship with the girls' family. To gain unmonitored access to them, DeLeon used his job as a long-haul trucker to take the victims on trips, during which they were raped in locations across the country. In addition to enduring their own abuse, each girl was forced to witness, or even participate in, the abuse of the other. DeLeon recorded videos of the rapes and other abuse, which were discovered in his electronic storage.

The Result: DeLeon was sentenced to 400 months in prison.



Ashland, KY



FBI Louisville and Ashland Police Department

U.S. v. Preece

Joshua Preece, of Morehead, is a former Bath County Deputy Sheriff. While on duty, he answered a call about a minor who was acting out of control at her residence. Preece agreed to transport the minor to a friend's house; instead, he took her to a remote area in Bath County, where he sexually assaulted her. Later the same evening, Preece persuaded the victim to take and send sexually explicit images of herself to him via Snapchat. When law enforcement seized Preece's cell phone, they discovered he was communicating online with multiple other minors. Preece used at least two personas—a teenage female and a teenage male—to coerce these minors to send explicit photographs.

The Result: Preece was sentenced to 25 years in prison.



Lexington, KY



U.S. Secret Service and Kentucky State Police

U.S. v. Abel

Phillip Christopher Abel, of Georgetown, produced multiple sexually explicit images of a four-year-old child in his care. In addition to producing explicit material, Abel possessed child pornography images that he obtained on the internet. Abel was using Freenet, a file sharing program focused on anonymity, to seek and receive child sexual abuse material. Abel's Freenet activity led to the execution of a search warrant at Abel's residence and the discovery of Abel's use of a young child to create explicit material.

The Result: Abel was sentenced to 27 years in prison.



Lexington, KY



Department of Homeland Security-Homeland Security Investigations, Kentucky Attorney General's Office, and Georgetown Police Department

U.S. v. Stiles, Jr.

Steven Richard Stiles, Jr., of Morrow, OH, posed as a teenager on Snapchat and befriended multiple minors. Stiles convinced at least seven girls, one as young as 11 years old, to produce sexually explicit images of themselves and send them to him via Snapchat. Other potential victims were located throughout the United States, the United Kingdom, Thailand, Sri Lanka, Trinidad, and Tobago. Stiles admitted that he concealed his true age by sending old photographs from when he was younger so the girls would engage with him.

The Result: Stiles was sentenced to 27 years in prison.



Covington, KY



Department of Homeland Security-Homeland Security Investigations and Erlanger Police Department

U.S. v. Stinespring

Over multiple years, Ronald Stinespring physically abused and sexually exploited three females at his remote property in Elliott County. The investigation began when a young girl knocked on a stranger's door, appearing dirty and malnourished. She reported that she and two other females had been repeatedly physically and sexually abused by Stinespring. She reported being forced to sit on rocks for long periods, being tied up with a paracord, having water poured over her, and being shocked with a stun gun on the tops of her feet, in her armpits, and around her genitals. She revealed that she had not left Stinespring's property, consisting of a makeshift cabin deep in the woods, in over two years. When law enforcement searched the property, they discovered electronic devices containing sexually explicit pictures and videos of all three victims, at times when some were minors. In at least one instance, he photographed the abuse and then used the threat of revealing those images as blackmail. He also possessed sexually explicit images of other minors, obtained from the internet. After his arrest, Stinespring continued to engage in emotionally abusive conduct and attempted to obstruct justice, by manipulating one of his victims into taking the blame for his criminal conduct using a complex coded letter that he mailed.

The Result: Stinespring was sentenced to 100 years in prison.



Ashland, KY



FBI Louisville and Kentucky State Police

U.S. v. Forgue

Harry Gilbert Forgue, III, was a foster parent who sexually abused boys in his care. When the abuse was discovered, eight boys – ranging from 6 to 17 years old – were living with Forgue. Forgue also posed as his 16-year-old adopted son on dating apps. When other app users asked for explicit videos and pictures, Forgue would force his adopted son to film them. At one point, Forgue, posing as his teenaged son, convinced a 17-year-old boy to send explicit videos of himself. Later, Forgue met the boy in person for sex.

The Result: Forgue was sentenced to 33 years in prison.



Pikeville, KY



FBI Louisville and Kentucky State Police

U.S. v. Clark

24 F.4th 565 (6th Cir. 2022)

The Sixth Circuit affirmed the 192-month prison sentence for a defendant who transferred child pornography between two computers within Kentucky, holding that the interstate commerce element of 18 U.S.C. § 2252(a)(2) is satisfied when a defendant uses the internet to distribute explicit images, regardless of whether the data actually traveled over state lines.

Civil Rights Enforcement

The U.S. Attorney's Office is committed to the enforcement of federal civil rights laws. Criminal matters may arise from:

- The use of unreasonable force by law enforcement
- Misconduct by individuals acting under color of law that deprives an individual of their Constitutional rights, such as sexual assault, illegal searches, wrongful arrest, or failing to protect those in their custody
- Hate crimes committed based on a victim's race, religion, gender, sexual orientation, or disability
- Intentional damage to religious property and using force to obstruct a victim's right to exercise their religious beliefs
- Intentional damage to a reproductive health facility and using force to prevent entry into the facility

The United States Attorney's Office also enforces federal civil statutes that prohibit discrimination on the basis of race, religion, gender, sexual orientation, disability, and military status. These statutes include the Americans with Disabilities Act, the Fair Housing Act, and the Uniformed Services Employment and Reemployment Act.

U.S. v. Zheng & Wu

Yun Zheng and Yan Qui Wu owned and operated the Tokyo Dragon Buffet in Alexandria, where they employed at least four undocumented workers, who were present in the United States illegally. Zheng and Wu, a married couple, housed the workers in their own home and provided virtually all the workers' transportation, to avoid detection. While working at the restaurant, one of the workers was severely burned by hot oil, but Zheng and Wu initially refused to take him to the hospital for medical treatment because they feared he would be deported.

The Result: Zheng and Wu were sentenced to six months in prison.



Covington, KY



Department of Homeland Security and Alexandria Police Department

U.S. v. Patrick, et al.

Samuel J. Patrick and Clinton L. Pauley were correctional officers at the U.S. Penitentiary Big Sandy, located in Inez. Kevin C. Pearce was their supervising lieutenant. Patrick and Pauley assaulted an inmate for walking too slowly to his cell, by pepper spraying him in the face and kicking him in the head. Pearce attempted to cover-up this assault by writing a false report, which untruthfully described the inmate as violent and omitted that the inmate had been kicked in the head while he was in a prone position and was not resisting.

One month later, Pearce covered up an unrelated assault initiated by officers Patrick and Pauley. The victim of that assault was taken to Pearce's office to request protection from other inmates. When the victim, who is white, revealed that he affiliated with Black gangs, Patrick and Pauley repeatedly struck him in the head and body while referring to him as a "race traitor." Pearce wrote a false report about the assault, claiming that the inmate agreed to go to his housing unit "without incident." He also supervised efforts to discredit the inmate by recruiting another officer to write a report that falsely corroborated the agreed-upon cover story.

The Result: Patrick and Pauley have pled guilty to civil rights offenses; Pearce was convicted at trial for obstruction of justice.



London, KY



Department of Justice- Office of Inspector General and FBI
Louisville

U.S. v. Wallace

51 F.4th 177 (6th Cir. 2022)

The Sixth Circuit affirmed the conviction and 140-month sentence of a Kentucky constable who conspired to violate the civil rights of citizens by planting drug evidence to facilitate false arrests, lying on search warrants, threatening his suspects, and storing methamphetamine in his home to use for planting evidence.

U.S. v. Evans

Gregory Evans was a Captain at the Madison County Detention Center, who used excessive force on a pretrial detainee. Evans punched and strangled the detainee out of anger, and then falsely claimed in the incident report that the detainee had been non-compliant and omitting that he had strangled the detainee. When interviewed by the FBI, Evans repeated these false statements.

The Result: Evans was sentenced to two years in prison.



Lexington, KY



FBI Louisville

U.S. v. Goodwin

Christopher Brian Goodwin was employed as a correctional officer at the Federal Medical Center in Lexington when he sexually abused four inmates under his custody and supervision, thereby depriving them of their constitutional rights to not be subjected to cruel and unusual punishment. Goodwin admitted that he raped one inmate. He also admitted to engaging in unlawful oral sex and to touching the breasts, buttocks, and groin areas of three other inmates on multiple occasions.

The Result: Goodwin was sentenced to 135 months in prison.



Lexington, KY



Department of Justice- Office of
Inspector General and FBI Louisville

U.S. v. Lee

Hosea Lee, Jr. was employed as a correctional officer at the Federal Medical Center in Lexington, serving as a drug treatment specialist. On several occasions, Lee engaged in sexual acts with four female inmates who attended his drug treatment classes. Lee groomed his victims, exploiting vulnerabilities that he knew from treating them. He also sought to cover up his conduct by avoiding detection on surveillance video and by directing the inmates to destroy physical evidence.

The Result: Lee was sentenced to 80 months in prison.



Lexington, KY



Department of Justice- Office of
Inspector General and FBI Louisville

Opioid Use Disorder Discrimination

The opioid crisis poses an extraordinary challenge to communities throughout Eastern Kentucky. DOJ has responded with a comprehensive approach prioritizing prevention, enforcement, and treatment. This includes enforcing the Americans with Disabilities Act (ADA), which prohibits discrimination against people in recovery from Opioid Use Disorder (OUD), including those who are taking legally-prescribed medications to treat their OUD.

In 2022, the U.S. Attorney's Office resolved two ADA investigations as part of its ongoing effort to eliminate discriminatory barriers to OUD treatment.

U.S. v. King's Daughters Medical Center

King's Daughters Outpatient Behavioral Medicine refused to accept a prospective patient because she was prescribed buprenorphine, a medication used to treat OUD. The Government's subsequent investigation uncovered that the clinic had a practice of turning away prospective patients because they had, or were being treated for OUD. The clinic's practice of turning away such patients violated the ADA, which prohibits private healthcare providers from discriminating on the basis of a disability, like OUD.

The Result: As part of a settlement agreement, King's Daughters paid a civil penalty of \$50,000 to the United States and paid the complainant \$40,000 for pain and suffering. It also agreed to adopt non-discriminatory admissions policies at the clinic and provide training to admissions personnel.

U.S. v. Fayette County Detention Center

In collaboration with the Lexington-Fayette Urban County Government's Department of Community Corrections, the U.S. Attorney's Office completed a compliance review of Fayette County Detention Center, through which it determined that, as a matter of policy, the facility was not providing individuals in custody diagnosed with OUD access to prescribed medications like methadone and buprenorphine, in violation of the ADA.

The Result: As part of the settlement agreement, the Detention Center is required to provide access to medications used to treat Opioid Use Disorder, and to ensure that decisions about treatment are based on an individualized determination by qualified medical personnel.

Public Corruption

Public officials have a solemn obligation of public trust. When the integrity of public officials, offices, or elections are undermined, that does a grave disservice to the public – in terms of fraud, waste, and abuse, and from the critical erosion of faith in the institutions of our government. The Office's Fraud Division oversees the investigation and prosecution of crimes affecting government integrity, including bribery of public officials, election crimes such as vote-buying and campaign finance offenses, and public officials who misuse their offices to steal or abuse government resources.

U.S. v. Crawford, et al.

Michael Crawford, a former Lieutenant Colonel of the Kentucky State Police (KSP), conspired with John Goble, a former Scott County coroner, to steal 19 shotguns and 2 M1A rifles from KSP surplus. Goble also admitted to conspiring with Crawford to misappropriate 187 cases of KSP ammunition, which was stored in the basement of his office.

The Result: Crawford was sentenced to 8 months in prison; Goble to two years probation.



Frankfort, KY



FBI Louisville and Kentucky State Police

U.S. v. Hogan, et al.

Michael T. Hogan, the former County Attorney for Lawrence County, and his wife and legal secretary, Joy M. Hogan, conspired to commit wire fraud by issuing \$365,000 in checks to themselves out of the public funds in the Lawrence County Delinquent Tax Account. Mr. Hogan routinely issued "bonus" checks to his wife from this account, with funds that should have been used to pay the County Attorney's Office's operating expenses. Instead, the Hogans used the funds for personal expenses. Mr. Hogan also admitted to defrauding the Lawrence County Child Support Enforcement Office, by billing the program for more hours than he actually worked.

The Result: Michael Hogan was sentenced to 42 months in prison; Joy Hogan to 12 months and one day.



Frankfort, KY



FBI Louisville and Kentucky State Police

U.S. v. Wellman

26 F.4th 339 (6th Cir. 2022)

The Sixth Circuit affirmed the conviction and sentence of a local real estate developer who obstructed a federal bribery investigation of two city council members. The investigation ultimately uncovered numerous illegal straw campaign contributions orchestrated by Wellman.

Pandemic Relief Fraud

The Office's Fraud Division prioritizes the prosecution of fraud schemes that exploit the Coronavirus Aid, Relief, and Economic Security (CARES) Act relief programs. Enacted in March 2020, the CARES Act was designed to provide emergency financial assistance to Americans suffering the economic effects caused by the COVID-19 pandemic. Unfortunately, these programs became targets of many fraud schemes, as wrongdoers used false documents and false statements to obtain emergency benefits to which they were not entitled.

U.S. v. Blankenship

Randall "Rocky" Blankenship, of Versailles, fraudulently obtained \$1,323,829 in Paycheck Protection Program loans for three shell companies. The Paycheck Protection Program loans were designed to provide an incentive for small businesses to keep workers on payroll during the pandemic. Accordingly, the loan amount was dependent on the business's payroll. Blankenship, with the assistance of an accountant, created fake tax documents and payroll records indicating that his businesses had hundreds of thousands of dollars in quarterly payroll, which he submitted in support of his loan applications. In fact, none of the entities had any payroll expense. Rather than using the loan proceeds for payroll, Blankenship used some of the funds to pay off casino debt and purchase real estate.

The Result: Blankenship was sentenced to 42 months in prison, paid \$1,323,829 in restitution, and ordered to pay a \$30,000 fine.



Lexington, KY



FBI Louisville, FDIC- Office of Inspector General, and the Federal Reserve System Bureau of Consumer Financial Protection

U.S. v. Lewis

David Christopher Lewis, of Harlan, fraudulently obtained \$370,000 in Paycheck Protection Program loans. As part of his loan applications, Lewis provided the bank with fake tax documents and payroll records that misrepresented his businesses' number of employees and payroll expenses. Lewis then used the loan proceeds to pay himself and his wife more than \$100,000. Lewis also obstructed the FBI's investigation by providing a sworn affidavit that lied about the existence and whereabouts of his businesses' employment and payroll records.

The Result: Lewis was sentenced to 33 months in prison and ordered to pay \$370,000 in restitution.



London, KY



FBI Louisville

U.S. v. Diyali

Shaan Ti Diyali, of Lexington, defrauded the Small Business Administration's Economic Injury Disaster Loan (EIDL) Program. The EIDL Program provided grants and low-interest loans to small businesses affected by the COVID-19 pandemic. Diyali fraudulently obtained a \$49,000 EIDL for an insurance business that never conducted any business and never earned income. Diyali invested the EIDL funds in Robinhood, a stock exchange. Ultimately, all the funds were lost.

The Result: Diyali was sentenced to 6 months in prison and ordered to pay \$53,390.35 in restitution.



Lexington, KY



FBI Louisville and Kentucky Attorney General's Office

U.S. v. Esawai

Khaldon Esawai of Boone County, defrauded the EDIL Program by making false statements in support his company's loan application. Esawai lied about the company's number of employee (14, when in fact it was 0), gross revenues (\$352,700, when in fact it was \$0), cost of goods sold (\$162,700, when in fact it was \$0), and business location (he provided the address of an empty lot). Esawai fraudulently obtained \$94,900 in EIDL loan proceeds and then used the funds to pay himself and for other unrelated purposes.

The Result: Esawai was sentenced to 16 months in prison and ordered to pay \$94,900 in restitution.



Covington, KY



U.S. Secret Service Cincinnati

U.S. v. Estep

Joshua Estep defrauded the Small Business Administration by applying for an EIDL loan in the name of a fictitious business, Josh's Nature Cure. He fraudulently obtained \$19,500 in EIDL loan proceeds.

The Result: Estep was sentenced to 18 months in prison and ordered to pay \$19,500 in restitution.



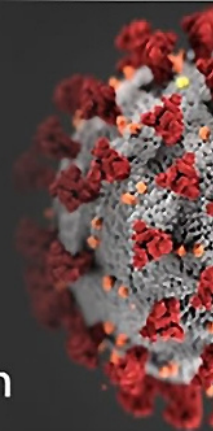
London, KY



Treasury Inspector General for Tax Administration

REPORT COVID-19 FRAUD

Contact the National Center for
Disaster Fraud Hotline:
866-720-5721 or
Justice.gov/DisasterComplaintForm



Healthcare Fraud

Through its criminal and civil healthcare fraud prosecutions, the U.S. Attorney's Office seeks to protect federally-funded benefit programs, like Medicare and Medicaid, from healthcare providers who unlawfully bill for services patients did not need or for services that were never provided. These prosecutions also seek to protect patients from fraud schemes that result in patient harm, such as through the provision of substandard care.

U.S. v. Sisco

Eugene Sisco, III, operated several addiction treatment clinics in Pike, Floyd, and Harlan Counties. Because the clinics were enrolled in Kentucky Medicaid, they were required to bill that insurance program for services provided to Medicaid patients. Sisco deceived patients into making cash payments of \$200-\$300 per month for treatment, by falsely claiming that his clinics could not bill Medicaid. Sisco's clinics collected around \$5 million from Medicaid patients, for whom the services should have cost nothing. At the same time, Sisco caused his clinics to bill Medicaid for the services, receiving millions in reimbursements, on top of the cash collected from patients. Sisco also defrauded the Medicaid and Medicare programs by causing his laboratory, Toxperts, LLC, to bill for more than \$2 million in medically unnecessary urine drug tests performed for clinic patients.

The Result: Sisco was sentenced to 125 months in prison and ordered to pay \$5.7 million in restitution.



Pikeville, KY



FBI Louisville, Kentucky Attorney General's Office, and Kentucky State Police

U.S. v. Goforth

Former Kentucky State Representative Robert Goforth owned Hometown Pharmacy in Manchester. He knew the pharmacy was billing insurance programs, including Medicare and Medicaid, for prescriptions that patients never picked up. The pharmacy then multiplied these profits by putting the medications back on the shelf and selling them again. This resulted in over \$2.7 million in overbilling to insurance programs.

The Result: Goforth was sentenced to 25 months in prison and ordered to pay \$2.7 million in restitution.



London, KY



FBI Louisville, Kentucky Attorney General's Office, and Kentucky State Police

Financial Fraud

Since 2020, reports of financial victimization through fraud, especially internet-enabled fraud, have reached an all-time high. Federal law prohibits a wide variety of schemes to defraud government programs, consumers, business owners, lenders, and investors. The U.S. Attorney's Office identifies the perpetrators of these offenses, prosecutes them for federal crimes, and works to restore the economic harms done to their victims.

U.S. v. Agrawal

Jyoti Agrawal, of Lexington, owned and operated the company ScienceTomorrow, which fraudulently obtained a \$1 million Small Business Innovation Research grant from the U.S. Department of Energy, as well as \$500,000 in matching state grant funds. As part of the grant application, Agrawal submitted a fabricated letter of support that increased the chances of receiving the grant, which was funded to support the research and development of an electron microscope detector. Agrawal diverted over \$300,000 in grant funds for other purposes, including obtaining an advanced degree for herself.

The Result: Agrawal was sentenced to 42 months in prison and ordered to pay \$1,548,255 in restitution to victim agencies.



Lexington, KY



Environmental Protection Agency-
Office of Inspector General, Department
of Energy- Office of Inspector General,
and Department of Defense- Defense
Criminal Investigative Agency

U.S. v. Stivers

Charles Marshall Stivers, of Manchester, was convicted in Tennessee for participating in a cigarette tax stamp conspiracy. As a result, the Kentucky Board of Accountancy revoked his Certified Public Accountant (CPA) license. Despite that, Stivers continued to hold himself out as a CPA and falsely completed tax forms indicating he was a CPA. Without permission, Stivers used his son's CPA license number and forged his son's signature on tax forms.

The Result: Stivers was sentenced to 10 months in prison.



London, KY



Treasury Inspector General for
Tax Administration (TIGTA)-
Great Lakes

U.S. v. Carpenter

Stephanie Carpenter worked as an Administrative Support Associate at the University of Kentucky College of Education. She embezzled university funds by using her employer's procurement card to spend over \$250,000 on personal travel and iPhones, iPads, computers, and other consumer electronics, which she re-sold on Craigslist and other online stores.

The Result: Carpenter was sentenced to two years in prison and ordered to pay \$256,198 in restitution.



Lexington, KY



FBI Louisville and University of Kentucky Police Department

U.S. v. Mobley

Kenneth Mobley used stolen identities to create fake identification documents. He used these fake IDs to obtain over \$250,000 in vehicles from car dealerships in Kentucky and Florida, including two Maseratis, two Dodge Chargers, and a BMW.

The Result: Mobley was sentenced to 76 months in prison.



Lexington, KY



Homeland Security- Immigrations Customs Enforcement, Kentucky State Police, and Lexington Police Department

U.S. v. Cates

Jason Cates, of Knoxville, TN, burglarized multiple sports cards businesses in Kentucky, Tennessee, Michigan, and Georgia, taking thousands of dollars of sports cards and other merchandise. He then sold the cards to online buyers.

The Result: Cates was sentenced to 5 years in prison and ordered to pay \$289,266 in restitution and \$50,000 as part of a forfeiture money judgment.



Lexington, KY



FBI Louisville

U.S. v. Lovelace

Antwan Lovelace stole over \$400,000 worth of mail, that included checks, money orders, and gift cards. Investigators contacted the senders of the checks and discovered they had mailed the checks from various post office locations in and around Louisville.

The Result: Lovelace was sentenced to 5 years in prison. His co-conspirator, Joiya Smith, was sentenced to 18 months.



Frankfort, KY



USPIS, with assistance from the U.S. Secret Service, Louisville Metro Police Department, and Franklin County Sheriff's Office

Keeping the public safe requires countering cybercrime perpetuated by foreign and domestic actors. Cyberthreats to individuals take the form of identity theft, cyberstalking, account hacking, email compromise schemes, and other online fraud schemes. The Department of Justice serves as the lead federal agency for cyberthreat response and maintains primary domestic responsibility for identifying, disrupting, and prosecuting malicious cyber actors.

Operation Crypto Craig

Between 2018 and 2022, the U.S. Attorney's Office and United States Secret Service prosecuted 26 defendants, who were convicted of Racketeer Influenced and Corrupt Organization Act (RICO) conspiracy and related charges, with \$2.6 million in restitution awarded to more than 900 victims. The defendants participated in a criminal conspiracy, primarily located in Romania, that engaged in a large-scale online auction fraud scheme.

Romania-based members of the conspiracy posted false advertisements to auction and sales websites, such as Craigslist, eBay, and Amazon, for high-value items that did not exist. The advertisements often marketed the sale of used vehicles and targeted low-income Americans. Conspiracy members created fictitious online accounts to post these advertisements and communicate with victims, often using the stolen identities of Americans to do so. Conspiracy members used several tactics to convince victims to send money for the advertised goods, including impersonating a military member who needed to sell the item before deployment and a parent who wanted to sell their deceased child's vehicle. They delivered invoices to victims bearing trademarks of reputable companies to make the transactions appear legitimate. They also set up call centers to impersonate customer support. Once the victims had sent payment, the conspiracy engaged in a complex money laundering scheme wherein U.S.-based conspirators accepted victim funds, converted those funds to cryptocurrency, and then transferred the cryptocurrency to money launderers in Kentucky and abroad. The money launderers would then work with other conspiracy members to convert the bitcoin back into fiat currency.

In December 2018, the Secret Service, supported by the U.S. Attorney's Office, engaged in the largest coordinated arrest operation in the Secret Service's history, arresting 13 Romanian citizens and one Bulgarian citizen on the same day across four cities in two countries. The unprecedented operation also included the largest international seizure of cryptocurrency in the U.S. Attorney's Office history. Two years later, another five Romanians were arrested. In total, the 19 foreign nationals extradited to the Eastern District of Kentucky represented the largest number of extraditions in a single case in the Office's history and is among the largest in the Secret Service's history. Two of the extradited defendants were the first cryptocurrency exchangers operating entirely abroad to be charged in the United States.

In 2022, the RICO and money laundering convictions of the Bulgarian defendant, and the sentence of a Romanian defendant, were affirmed on appeal by the Sixth Circuit. U.S. v. Iossifov, 45 F.4th 899 (6th Cir. 2022). The case law stemming from these decisions established for the first time in the Circuit that bitcoin represents funds under the money laundering statute.

The Result:

- 26 defendants convicted
- 19 foreign defendants extradited
- \$2.6 million in restitution awarded to victims
- Largest arrest operation in Secret Service history
- Largest international seizure of cryptocurrency in Office history

Financial Litigation Program

The Office's Financial Litigation Program collects criminal and civil debts owed to the United States or victims of federal crime.

Criminal debts include fines, penalties, and restitution ordered by the court, as part of judgments in criminal cases. Critically, the restitution judgments include significant awards of compensation, ordered to be paid to victims of a defendant's criminal activity, where the Financial Litigation Program seeks to collect the funds. These victims may be private citizens or government agencies.

Civil debts owed to the United States arise in a variety of contexts. Debts often stem from loans made by federal agencies to private individuals or entities, such as student loans by the Department of Education and farm loans by the Department of Agriculture. Civil debts also result from the imposition of civil penalties by federal agencies and from civil fraud actions prosecuted by our Office.

The Financial Litigation Program has a variety of debt-collection tools, including placement of liens on debtors' properties, wage garnishment, and the off-set of funds owed to debtors by federal agencies, such as income tax refunds from the I.R.S.

At any given time, our Office is managing over 1,000 restitution debts and is seeking to recover hundreds of millions of dollars owed to both the Government and crime victims. Staff work to identify the assets of debtors and to maximize recoveries.

The Result: In 2022, the Office collected over \$16.79 million for the Government and crime victims.

Asset Forfeiture

The Office's Asset Forfeiture Program is responsible for seizing and forfeiting proceeds of crime, real or personal property that facilitates crime, and property involved in the laundering of proceeds of crime. By aiming to ensure that crime does not pay, asset forfeiture is an effective tool in dismantling criminal networks. Although property is generally forfeited to the United States, forfeited property may also be used to compensate crime victims who are owed restitution.

The Result: In FY 2022, the Office deposited \$14 million into the Asset Forfeiture Fund, significantly higher than the national average of \$3.7 million for U.S. Attorney's Offices.

Defensive Litigation

The Office's Civil Division defends the United States, its agencies, and federal employees in a range of civil suits brought against the Government. Defensive cases include suits alleging discrimination in federal employment; challenges to agency actions and Government procurement under the Administrative Procedure Act; actions in which federal employees are sued personally for constitutional violations (Bivens actions); and suits alleging negligence by Government employees under the Federal Tort Claims Act, such as medical malpractice cases against Veterans Administration hospitals and federally-subsidized health clinics. At any given time, the Civil Division defends dozens of cases that seek, in the aggregate, hundreds of millions of dollars against the Government, its agencies, and its employees.

Duval v. United States

In 2022, the Office successfully defended a medical negligence claim in which plaintiffs sought over \$6.5 million as compensation for allegedly negligent prenatal care by an obstetrician at a rural health clinic. Our Office enlisted the help of expert witnesses who, at trial, defended the doctor's care and countered plaintiffs' theories of liability.

Our Office routinely defends rural health clinic physicians and staff in cases like this one, as they are deemed Government employees under the Federally Supported Health Centers Assistance Acts. Undertaking this representation serves a dual purpose: it protects the public fisc by ensuring that tax dollars are not paid to resolve frivolous claims and ensures continued access to primary care for Kentuckians in medically-underserved areas by offering litigation support to providers who work in rural clinics.

The Result: The Court declined to award the plaintiffs any amount, finding that any injury suffered was not caused by the physician and thus not the responsibility of the United States.

Significant Cases in the Sixth Circuit Court of Appeals

U.S. v. Rife

33 F.4th 838 (6th Cir. 2022)

The Sixth Circuit affirmed the conviction of a Kentucky citizen who traveled to Cambodia and engaged in sexual conduct with his young female students, holding in a case of first impression that Congress had the power to enact legislation regulating illicit sexual conduct with children under the ratified treaty, Optional Protocol to the United Nations Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography.

U.S. v. Williams

39 F.4th 342 (6th Cir. 2022)

The Sixth Circuit affirmed the 200-month prison sentence for a drug trafficker, finding in a case of first impression that the defendant was subject to an enhanced sentence under the Armed Career Criminal Act because his prior conviction in Kentucky for second-degree robbery qualifies as a violent felony.

U.S. v. Harrison

54 F.4th 884 (6th Cir. 2022)

The Sixth Circuit affirmed the 15-year prison sentence for a drug trafficker, finding in a case of first impression that the defendant was subject to an enhanced sentence under the Armed Career Criminal Act because his prior conviction in Kentucky for complicity to commit murder qualifies as a violent felony.



U.S. Attorney's Office

Eastern District of Kentucky



859-233-2661



260 W. Vine Street
Suite # 300
Lexington, KY 40507-1612



justice.gov/usao-edky



@USAO_EDKY



U.S. Attorney's Office for the
Eastern District of Kentucky