

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

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CRIMINAL NO. 20-134

v.

*

SECTION: M

DOROTHY SMITH

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* * *

FACTUAL BASIS

The United States and defendant **DOROTHY SMITH** (“**SMITH**”) stipulate and agree that the below facts are true and that they would have been proven beyond a reasonable doubt had this matter proceeded to trial. The United States and **SMITH** further stipulate and agree that these facts provide a sufficient basis for a plea of guilty to Count 1 of the above-captioned indictment’s charge that **SMITH** violated Title 18, United States Code, Section 371. The below facts are offered for the purpose of establishing a sufficient factual basis to support the guilty plea and therefore do not necessarily describe all the details of the offense or **SMITH**’s complete knowledge of the offense.

As explained below, **SMITH** and other persons made an agreement to interfere by dishonest means with the United States Coast Guard’s (“USCG”) lawful functions of issuing merchant mariner credential (“MMC”) endorsements and of administering related examinations. **SMITH** knew that the purpose of the agreement was to defraud the United States government and joined in it willfully, that is, with the intent to defraud. During the conspiracy’s existence, and in order to accomplish the conspiracy’s objects and purposes, conspirators knowingly committed overt acts, including **SMITH** falsely reporting in USCG computer systems that examinations were passed.

AUSA CM
Defendant DS
Defense Counsel RC

A. At all times relevant herein:

The USCG's governmental functions, as authorized by federal statutes and regulations ("federal law"), included, among other things, the administration, regulation, and enforcement of the regulations and laws relating to the issuance of merchant mariner credentials ("MMCs") and related endorsements, including the applications and examinations associated with MMCs and endorsements. Under federal law, all mariners employed aboard United States merchant vessels greater than 100 gross registered tonnage, with a few limited exceptions, were required to have valid MMCs. Furthermore, to serve in various positions, federal law required mariners to have particular endorsements added to their MMCs. In order to obtain an MMC, a mariner was required to meet various requirements and to take an oath, promising to faithfully and honestly perform all the duties required by the laws of the United States.

Endorsements determined what position mariners could work, on what kind of vessels, and in what waters. The presence of an endorsement on an MMC indicated that the mariner was qualified to serve in the specified capacity and had met all legal requirements for that endorsement. Federal law prohibited a mariner from serving in a position for which the mariner lacked the required endorsement. Similarly, federal law prohibited a business from employing a mariner in a position for which the mariner lacked the required endorsement.

For many endorsements, federal law required mariners to pass USCG-administered examinations. These examinations tested mariners' knowledge and training to safely operate under the authority of the endorsements. The examinations, which typically consisted of numerous separately-graded modules, were administered at USCG regional exam centers. One such regional exam center, known as REC New Orleans, was located in Mandeville, Louisiana, in the Eastern District of Louisiana. USCG employees at the regional exam centers entered the scores into a

United States Coast Guard computer system used to manage the issuance of credentials to mariners and to process applications for MMCs and endorsements.

In some situations, passing an examination for one endorsement could enable a mariner to obtain one or more additional endorsements. This could occur, for example, if the examination fulfilled a requirement for an additional endorsement or if obtaining the tested-for endorsement fulfilled a requirement for an additional endorsement.

SMITH and Beverly McCrary (“McCrary”) were employed by the United States Coast Guard as credentialing specialists at REC New Orleans until in or about August 2019 and in or about August 2015 respectively. Eldridge Johnson (“Johnson”) was employed by the United States Coast Guard as an examination administrator at REC New Orleans until in or about January 2018.

B. SMITH conspired to defraud the United States

Prior to April 2012, **SMITH** devised a conspiracy to interfere with the USCG’s lawful governmental functions through dishonest means. Specifically, **SMITH** formed agreements with credential applicants in which **SMITH** would, in exchange for money, falsely report that the credential applicants passed examinations required for endorsements.

In some instances, **SMITH** would directly interact with credential applicants. For example, when mariners came to the REC to conduct testing and other matters related to their credential applications, **SMITH** would, at times, solicit them to engage in the scheme by explaining that she could provide them false passing scores in exchange for money. In most instances, however, **SMITH** utilized intermediaries to recruit mariners. When utilizing intermediaries, **SMITH** typically had no contact with the mariners to whom she sold scores.

SMITH's primary intermediaries were McCrary (both during and following McCrary's USCG employment) and Johnson (following Johnson's USCG employment). McCrary and Johnson each agreed with **SMITH** to participate in the scheme by acting as an intermediary between **SMITH** and credential applicants who were willing to pay money for false passing scores. McCrary and Johnson each agreed to: recruit mariners to participate in the scheme; provide **SMITH** with the information necessary for **SMITH** to enter the desired false scores; collect money from the mariners; keep a portion of the money obtained from the mariners; and provide **SMITH** the remaining portion of money obtained from the mariners.

Typically, a mariner participating in the scheme would not appear for the examination. **SMITH** would create USCG records and data entries to make it appear to the USCG that the mariner had appeared and tested. **SMITH** would make up passing scores for each of the examination's various modules and enter these false scores in a USCG computer system. **SMITH** would then send an email to a USCG office falsely stating that the mariner had passed the examination and should receive the desired endorsement. This would cause the USCG to issue the unearned endorsement to the mariner.

In furtherance of the conspiracy, **SMITH** committed all of the overt acts attributed to her in the indictment, including falsely reporting to the USCG on or about May 1, 2019, that a credential applicant had passed an endorsement examination.

From in or about April 2012 until in or about May 2019, **SMITH**, in exchange for money, falsely reported that more than 50 mariners had passed examinations. For some of these mariners, **SMITH** made false reports for multiple examinations. Each false examination report resulted in

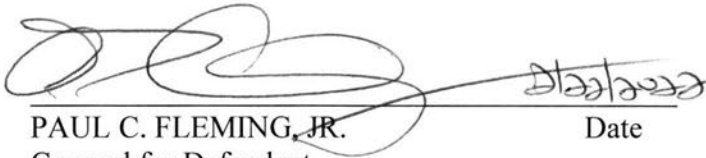
the issuance an unearned endorsement, with almost all of the endorsements being officer-level and a few being rating-level.



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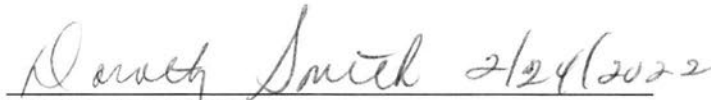
CHANDRA MENON
Assistant United States Attorney

Date



PAUL C. FLEMING, JR.
Counsel for Defendant

Date



DOROTHY SMITH
Defendant

Date