



U.S. ATTORNEY'S QUARTERLY

RACKETEERING CHARGES AGAINST IRONWORKERS

An indictment was unsealed on February 18, 2014 charging 10 members of Ironworkers Local 401 with participating in a conspiracy to commit criminal acts of extortion, arson, destruction of property, and assault, in order to force construction contractors to hire union ironworkers. Charges include RICO conspiracy, violent crime in aid of racketeering, arson, use of fire to commit a felony, and conspiracy to commit arson. Joseph Dougherty, the Financial Secretary

-Business Manager of Local 401, is one of eight individuals charged with racketeering conspiracy. The indictment details incidents in which the defendants threatened or assaulted contractors or their employees, and damaged construction equipment and job sites as a means to force contractors to hire and pay Local 401 workers, even when those workers performed no function. Among the criminal acts alleged is the December 2012 arson of a Quaker

Meetinghouse under construction in Philadelphia that was set on fire after the contractor refused to hire union ironworkers. It is further alleged that the defendants created "goon" squads, composed of union members and associates, to commit assaults, arsons, and destruction of property. A trial date in the case has not yet been set. All 10 defendants are free on bond pending trial.

Inside this issue:

Tax Charges	2
U.S. Attorney's Outreach	3
Crime & Punishment	4

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

Over the last four years, my office has expended significant resources combatting violent crime in Philadelphia and the surrounding counties. Of the numerous cases we prosecute each year, 40% involve violent crime, firearms, and the often related crime of illegal narcotics distribution. While we continue to work successfully with our federal, state, and local partners to prosecute the most serious offenders and criminal organizations, we also have become acutely aware of certain contributing factors to young people making poor decisions about engaging in crime, such as picking up and using a gun illegally, joining a gang or criminal organization, and committing other acts of violence. These contributing factors include: a lack of educational opportunities; a lack of after-school programming; a lack of job opportunities; a lack of a stable home environment; a continuous exposure to violence - especially at young age; and a lack of coping and decision-making skills.

For those returning from prison to their communities, they face even greater challenges to turn their lives around and make positive choices for themselves and society. To stop the revolving door of parolees committing crimes that return them to jail, we must recognize the enormous challenges and obstacles facing these ex-offenders. In addition, if we are serious about ending the revolving door, we need to invest in programs that will allow ex-offenders to have real opportunities for educational, job, and cognitive skill training as well as an opportunity to work at an honest job.

Notably, these underlying issues need to be addressed by the community holistically rather than waiting for law enforcement to deal with the problems when they blossom into criminal activity. While we in law enforcement are fully capable of investigating and prosecuting cases, we are often ill-equipped to address the fundamental realities that contribute to violent crime. Accordingly, it is incumbent on educators, employers, social workers, community organizations, and those who care deeply about their community to step up and address these issues.

Robert F. Kennedy once said that "the purpose of life is to contribute in some way to making things better." For me personally, that statement succinctly captures how each of us needs to approach life as a "problem solver." While my office has focused its resources on its number one priority of investigating and prosecuting serious criminals, federal prosecutors and support staff in my office have also made it their mission to improve our community by implementing and participating in numerous crime prevention and prisoner re-entry efforts (which have been highlighted in this newsletter over the last four years). Those efforts have included the Strawberry Mansion High School and Community Revitalization Project, Philly Rising, Sports for Juvenile Justice program, Philadelphia Reads, Big Brothers/Big Sisters, Beyond School Walls, Youth Courts, and Federal Reentry Court. Each of these successful violence prevention and reentry efforts have one thing in common, that is, they are community-based and community-driven.

At the end of the day, each of us in the community has a talent or skillset that can be brought to the table to help break the cycle of violence. So I ask you, "What can you bring to the table to help break the cycle of violence?" We have plenty of open seats. -Zane David Memeger

TAX SEASON BRINGS CHARGES AND GUILTY PLEAS

In January, Leonard Stango was charged with aggravated structuring of financial transactions and filing false tax returns. Stango allegedly participated in a sports bookmaking operation in which he received over \$5 million in proceeds from bettors, then withdrew approximately \$2.5 million in amounts of \$10,000 or less in order to avoid bank currency transaction reporting requirements. Stango allegedly failed to report the income from his bookmaking activities on his federal income tax returns for 2006 through 2008.

In February, Sherelle Pratt, an IRS employee, was charged with filing false tax returns, aiding and assisting other individuals in preparing and filing false tax returns, theft of government property, and aggravated identity theft. Pratt prepared federal income tax returns for a number of individuals and allegedly had their refunds deposited into her personal bank account.

In March, Marc Celestin was charged with eight counts of wire fraud and eight counts of making a false claim against the United States. Celestin allegedly used the stolen identities of a number of people to fraudulently prepare tax returns directing that the tax refund checks be direct deposited to bank accounts that he controlled.

Harvey G. Bitler, Sr. was charged with failing to pay income and social security taxes withheld from his employees' paychecks. Bitler owned Big H Farms and employed salaried employees. Medicare, Social Security (FICA taxes) and income taxes were withheld from the employee paychecks but, between 2007 and 2012, no payments were made to the IRS. In total, Bitler withheld but allegedly failed to pay more than \$4,566,572.04.

Tanika Victoria Little was charged with two counts of bank theft and one count of tax evasion. Little was an employee of Brink's, Inc., a national armored truck company which delivered cash to banks, among other businesses. On February 15, 2011 and on March 1, 2011, Little came into possession of incorrectly routed bags of cash totaling approximately \$110,000 in \$20 denominations. The indictment alleges that Little failed to deliver the bags of cash to Bank of America's Drexel Hill branch and began making deposits into her personal bank accounts in \$20 denominations. It is further alleged that Little falsely reported that her total gross income was \$28,870, when her true gross income was approximately \$138,870, from the alleged ill-gotten gains.

Edward J. Rorie was charged with 25 counts of preparing and filing false tax returns. Rorie allegedly prepared at least 25 tax returns, for tax years 2009 through 2011, which were materially false and claimed expense deductions and tax credits which the filers were not entitled to receive. The tax credits included the First Time Home Buyer Tax Credit, The Hope Tax Credit, The Earned Income Tax Credit, Education Credits, The Child Care Tax Credits and The Recovery Act's Additional Child Care Credit. The indictment alleges a loss to the Internal Revenue Service of at least \$100,000.

Wendell Cisco pleaded guilty to his role in a tax fraud scheme that bilked the government of over \$1.8 million. Cisco is one of nine defendants who participated in a conspiracy to defraud the Internal Revenue Service through false tax returns. Cisco admitted responsibility for \$525,434.74 in actual losses. Cisco facilitated fraudulent returns by providing tax payers' identifying information to co-defendant Michael Akers so Akers could prepare the false returns. He also provided Akers with bank accounts into which Akers could direct the IRS to send the refunds. The scheme attempted to defraud the government of more than \$3.2 million, with actual losses of more than \$1.8 million. Sentencing is scheduled for June 16, 2014.

Jerold J. Cohen was charged with conspiracy, aggravated structuring of financial transactions, and filing false tax returns. Cohen allegedly operated a sports bookmaking operation and accepted payment from his bettors in the form of checks. It is alleged that between May 2009 and January 2011, Cohen cashed and caused to be cashed over 170 such checks, each made out for just under \$10,000, for a total of over \$1.5 million, which was income he received in connection with his bookmaking operation. It is further alleged that in 2009 and 2010, Cohen underreported income from his bookmaking operation by at least \$450,000 in each year.

Dennis Erik Fluck Von Kiel, the former medical director of Lehigh County Prison ("LCP") was indicted on one count of conspiracy to defraud the United States and five counts of attempting to evade or defeat federal taxes. Von Kiel has been held without bail at the Federal Detention Center since his arrest on February 28, 2014, on a federal criminal complaint. Von Kiel is a doctor of osteopathy whose medical practice included treating inmates at LCP from approximately March 1989 until approximately August 2013. According to the indictment, Von Kiel earned wages of more than \$200,000 a year from 2008 through 2012 and paid no federal taxes during any of those years. Von Kiel had represented that he was exempt from federal taxes because he was a minister of a religious institution called the "International Academy of Lymphology" (and its successors, the "International Academy of Life" and the "Christian Forum Assembly Church") and had taken a "vow of poverty." Von Kiel allegedly directed his employer to deposit his bi-weekly paychecks into bank accounts for his "church," and once the money arrived in those accounts, co-conspirators would transfer nearly the same amount of money into Pennsylvania bank accounts controlled by Von Kiel. Von Kiel then allegedly used that money to pay for all of his family's day-to-day living expenses and to buy some unusual items such as a batting cage for his sons, all while purportedly living under his "vow of poverty."

Elias Karkalas, a medical doctor who owned and operated Upper Merion Family Practice P.C., was charged with corrupt or forcible interference with the administration of Internal Revenue Laws, filing false individual and corporate tax returns, and failing to file personal and corporation tax returns. According to the indictment, Karkalas was a participant in an Internet pharmacy organization which permitted individuals, seeking to purchase prescription drugs, to acquire a prescription from a physician without an examination. Between 2005 and 2011, Karkalas allegedly authorized more than 750,000 prescriptions for which he was paid approximately \$2.5 million which the defendant failed to report on his corporate and individual tax returns.



CIVIL

Specialty pharmaceuticals company Endo Health Solutions, Inc. and its subsidiary Endo Pharmaceuticals Inc. (Endo), which is headquartered in Malvern, Pennsylvania, have agreed to pay \$172.9 million to resolve civil allegations of off-label marketing of their adhesive pain patch Lidoderm. Lidoderm was FDA approved only for relief of pain associated with post-herpetic neuralgia ("PHN"), a painful condition that affects some individuals with a history of shingles. The settlement resolves allegations that between March 1999 and December 2007, Endo knowingly promoted Lidoderm for uses that were not FDA-approved and were not accepted under federal health care programs, and Endo's off-label promotion caused providers to submit false reimbursement claims to federal health care programs. Of the \$172.9 million that Endo has agreed to pay to resolve these civil claims, the company will pay \$137,700,172 to the United States and \$35,216,796 to various States and the District of Columbia. _____

In January, St. Mary Medical Center (SMMC) agreed to settle claims under the False Claims Act for improperly administering certain physician income guarantee agreements. SMMC voluntarily disclosed the allegations and agreed to pay \$2,339,224.70 to resolve the matter. Between January 2005 and August 2010, SMMC had 15 physician income guarantee agreements for recruited physicians and failed to properly administer the terms of certain recruitment contracts. This resulted in net overpayments to certain recruited physicians. Because those physicians and their practices referred patients to SMMC for medical treatment that was billed to federally funded programs, the United States alleges that false claims were submitted to the government. After it discovered the problem, SMMC took corrective action to resolve the improper payments, and disclosed the matter to the United States Attorney's Office.

VIOLENT CRIMES

In January, David Barnhouse was charged with emailing a bomb threat to the Willow Grove Park Mall website and hacking a computer to make it appear as if his neighbor sent the threat. Barnhouse allegedly hacked into his neighbor's internet router and, using their Internet service, posted a threatening message making it appear that the neighbors had posted the threat. Barnhouse is awaiting trial.

Ryan Joseph Hribick was charged with possession of unregistered firearms, manufacturing and dealing explosive materials, conspiracy to obstruct justice, and witness tampering. Hribick allegedly possessed, manufactured, and dealt cardboard tube improvised explosive devices ("IEDs") for several years. After federal agents searched his home, Hribick allegedly instructed and conspired with others to destroy evidence. He also allegedly attempted to influence the testimony of a federal grand jury witness.

Istvan Merchenthaler was charged with one count of possession of unregistered firearms and one count of being a fugitive in possession of a firearm and ammunition. Merchenthaler allegedly possessed approximately 60 plastic PVC pipe improvised explosive devices ("IEDs"), approximately 400 cardboard tube IEDs, a 9mm Cobray M-11 semi-automatic machine pistol, and ammunition.

Colleen R. LaRose, aka "Jihad Jane," was sentenced to 10 years in prison for participating in a plot to wage violent jihad in South Asia and Europe. Co-defendant Jamie Paulin-Ramirez was sentenced to eight years. LaRose received a direct order to kill a citizen and resident of Sweden. LaRose traveled to Europe and tracked the intended target online in an effort to complete her task.

In February, James Pickup and Shawn Workman were charged with setting a fire inside a factory owned by Arco Sales Company, located at 2211 Wakeling Street, in Philadelphia. Arco manufactured and sold renewable and non-renewable aircraft, missile components, and Naval items to federal government agencies throughout the United States.

OUTREACH

The U.S. Attorney's Office, in collaboration with the Philadelphia Restorative Justice Coalition, sponsored a forum entitled "Essentials of Trauma-Informed Care" for criminal justice professionals and others working to reduce violence and crime. A practical and sustainable solution to violence requires more than incarceration. The Trauma-Informed Care model used in healthcare settings to address the impact of violence particularly on gunshot victims and their families has demonstrated success. The U.S. Attorney's Office has collaborated for a number of years with medical professionals from Philadelphia hospitals to learn about the impact of trauma on people exposed to violence in the inner city. The Healing Hurt People program at Hahnemann University Hospital and the Drexel University College of Medicine work closely with victims of violence who are treated in emergency rooms. The program uses a trauma-informed approach to address the mental health consequences of violence injury, to prevent re-injury, and to improve the life courses of violently injured youth in Philadelphia. Many people within the health-care community understand that the traumatic impact of exposure to violence fundamentally alters a person's behavior, health, and development, and the ability to interact effectively with others. A person's experiences and environment affect their vulnerability and resilience for recovery and coping. The stress-response system can be strongly altered by exposure to violence. Trauma-Informed Care helps reduce the impact of trauma by improving stress-coping skills and providing stress-resilient environments. Creating Trauma-Informed environments provides social support which helps build resilience. The U.S. Attorney's Office aims to build a strong foundation of understanding and interest in a trauma-informed approach and Trauma-Informed Care across a broad segment of the criminal justice and educational systems.



CRIME & PUNISHMENT:



CHARGED:

January 2014:

Cua Thach was charged with bribing an Investigator of the United States Department of Labor, Wage and Hour Division, who was investigating Thach's company, CNS Agency, Incorporated.

February 2014:

Abdullah Sirleaf was charged with robbery and gun charges for holdups at six different businesses, in Philadelphia and Lansdowne, PA, in June and July of 2013. Sirleaf is charged with the armed robberies of: Metro Self Storage, Gulla's Auto Tag & Insurance, a Sunoco gas station, Kerrs Building Materials, and a 7-Eleven store, all in Philadelphia, as well as a Papa John's Pizza, in Lansdowne.

March 2014:

Michael Crockett is charged with knowingly causing the transmission of codes and commands to a computer hosting the City of Philadelphia's website, www.phila.gov, in an attempt to shut down that website. Crockett's alleged actions caused a loss to the city of more than \$5,000.

CONVICTED:

January 2014:

Neel Jackson pleaded guilty to health care fraud in a scheme involving Brotherly Love Ambulance, Inc. Jackson transported patients by ambulance who were not eligible for ambulance service under Medicare and Medicaid requirements. He also gave cash payments to induce patients to allow Brotherly Love to transport them and/or to induce them to remain with Brotherly Love. As a result of Jackson's actions, the Medicare program paid more than \$200,000 in inappropriate bills. As a result of the overall scheme at Brotherly Love, the

Medicare program paid more than \$2 million in inappropriate bills.

February 2014:

Matthew McManus was convicted for his role in an advance fee fraud scheme that defrauded hundreds of victims searching for commercial financing. McManus was charged with five other defendants, all of whom have pleaded guilty. Their scheme defrauded more than 1,900 victims out of more than \$26 million. A sentencing hearing is scheduled for May 21, 2014. Co-defendant Andrew Bogdanoff, was sentenced in March to 220 months in prison and ordered to pay restitution of \$962,820.

March 2014:

Gomer Williams pleaded guilty to a scheme to defraud clients of the legal firm where he worked. Between 2007 and 2012, Williams defrauded four of his trust and estate clients of approximately \$503,361 by diverting funds from his clients' accounts to his personal accounts, and by overbilling his clients for legal work that was not performed. Sentencing is June 23, 2014.

SENTENCED:

January 2014:

Thaddeus Vaskas was sentenced to 14 years in prison for possession of child pornography. Vaskas, a repeat offender, pleaded guilty on March 21, 2013. He was convicted of a similar crime in 2001.

Hakeem Paris was sentenced to 30 years and one month in prison for two armed robberies which he committed in 2010. He was convicted of conspiracy to commit robbery, robbery, attempted robbery, using a firearm during a crime of violence, and being a convicted felon in

possession of a firearm. On May 10, 2010, Paris robbed Bridesburg Pizza, where he held employees at gunpoint. Less than two weeks later, he tried to rob a Wawa store.

February 2014:

Phillip Weems was sentenced to 121 months in prison for running an elaborate check-cashing scheme in which he created more than \$1.2 million worth of forged and counterfeit securities. Weems recruited more than 70 co-conspirators who presented forged and counterfeit checks to check cashing businesses, financial institutions, and dog breeders. In addition to the fraud conspiracy, Weems also admitted to straw purchasing three firearms.

Masai Skief was sentenced to 36 months in prison for abusing his leadership positions at a Philadelphia charter school in order to enrich himself. Skief was the chief executive officer of Harambee Institute of Science and Technology Charter School and the president and chief administrative officer of a related non-profit organization, Harambee Institute, Inc. In addition to the prison term, Skief was ordered to pay restitution in the amount of \$88,000.

March 2014:

Francis Aponte was sentenced to 20 years in prison for possession of a firearm by a convicted felon. On June 17, 2012, Aponte was standing on the sidewalk near Indiana Avenue and 4th Street when two Philadelphia Police Officers spotted him shooting a gun into the air. The officers approached and saw Aponte throw the handgun to the ground. Aponte was arrested and charged as a convicted felon in possession of a firearm. A federal jury found him guilty. Of the 20 year term, 15 years is mandatory.

Sidenote:

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

www.justice.gov/usao/pae