

Minnesota US Attorney 2023 Case Highlights Andy Lugers Team

Duluth Man Sentenced to 21 Months in Prison for Wire Fraud

Thursday, December 14, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Duluth man has been sentenced to 21 months in prison, followed by three years of supervised release for wire fraud, announced U.S. Attorney Andrew M. Luger.

According to court documents, in March 2022, Gale Allen Rachuy, 73, defrauded Victim A (victim), by falsely representing that Rachuy was an attorney who could handle the victim's legal proceedings. As part of the scheme, Rachuy told the victim that he would be able to get former federal and state court judges to work on the victim's case. In order to retain the alleged judges, Rachuy would need the victim to pay a retainer fee of \$10,000, with the first payment of \$2,500 due on March 15, 2022. Rachuy and the victim each signed a retainer agreement, which specified that both judges would be assisting in the victim's legal representation. On March 15, 2022, the victim paid the \$2,500 retainer fee via wire from his account in Fayetteville, Arkansas, to Rachuy's bank account in Minneapolis. The victim was scheduled to wire another \$2,500 installment to Rachuy on April 1, 2022, but became suspicious of Rachuy after not seeing any drafts or filings in his case. After the victim realized that Rachuy was fraudulently representing these services, he ceased making future payments. Despite assuring the victim that the funds would be returned, Rachuy never returned the funds.

Rachuy pleaded guilty on May 10, 2023, to one count of wire fraud. He was sentenced yesterday in U.S. District Court by Judge Joan N. Ericksen.

This case is the result of an investigation conducted by the FBI.

Assistant U.S. Attorneys Chelsea A. Walcker and Harry M. Jacobs prosecuted the case.

Updated December 14, 2023

Rush City Woman Sentenced to Prison for Role in \$1.8 Million Scheme Involving Romance Fraud and Federal Pandemic Programs

Thursday, December 7, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Rush City woman has been sentenced to 21 months in federal prison, followed by two years of supervised release, 100 hours of community service, and was ordered to pay \$1.7 million in restitution for her role in multiple schemes that defrauded individuals throughout the United States, announced U.S. Attorney Andrew M. Luger.

According to court documents, from 2017 through April 2022, Gayle Joyce Ferngren, 70, and others participated in a scheme to launder proceeds that were fraudulently obtained from victims throughout the United States, including the proceeds of romance fraud scams and schemes to defraud Federal Pandemic Assistance Programs. In total, Ferngren laundered at least \$1.8 million in fraud proceeds.

According to her guilty plea, from approximately June 2020 through December 2020, Ferngren acknowledges that she received at least 68 debit cards containing approximately \$1.3 million in fraudulent unemployment benefits from California and Nevada to which she was not entitled. After receiving the fraudulent proceeds, Ferngren

kept a portion for herself and transmitted most of the funds to other scheme participants, including to individuals located overseas.

In addition, Ferngren participated in a “romance scam,” which is a type of fraud that targets persons looking for romantic partners or friendship on dating websites or other social media platforms. According to court documents, romance scammers create profiles using fictitious or fake names, locations, images, and personas, allowing the scammers to cultivate relationships with prospective scam victims. According to her guilty plea, Ferngren received funds from romance fraud victims under false and fraudulent pretenses after other scheme participants induced the victims to send money to Ferngren.

Ferngren was sentenced today in U.S. District Court before Judge John R. Tunheim. On May 22, 2023, she pleaded guilty to one count of mail fraud.

This case is the result of an investigation conducted by the U.S. Postal Inspection Service, the U.S. Department of Labor–Office of Inspector General, and the FBI.

Assistant U.S. Attorney Matthew S. Ebert prosecuted the case.

Updated December 7, 2023

Coon Rapids Man Sentenced to Prison for \$1.3M Romance Fraud Scheme that Targeted Elderly Victims

Friday, November 17, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST. PAUL, Minn. – A Coon Rapids man has been sentenced to 36 months in prison, three years of supervised release, and required to pay \$1,356,995 in restitution for a romance fraud scheme that targeted elderly victims, announced U.S. Attorney Andrew M. Luger.

According to court documents, from at least in or about June 2020 through in or about March 2021, Solomon Eghosa Wilfred, 43, and other scheme participants knowingly and intentionally participated in and facilitated an online romance fraud scheme that targeted primarily elderly victims and lured them into sending money under false pretenses. The scheme relied on impersonating a real or plausible but fictitious person, such as a senior U.S. diplomat or military official, that contacted the victims through online social media applications. The scheme participants then sought to forge a romantic connection with the victims. If successful, the scheme participants would then ask the victims for money purportedly to assist the false persona with some problem or need. Occasionally, the scheme participants would even introduce the victims to a purported third-party intermediary who would corroborate the false persona's story and assist in defrauding the victims. The victims eventually were directed to send large sums of money by mail or other commercial means to a specified name and address.

Wilfred primarily assisted with the collection and transfer of the fraudulently obtained funds. Wilfred opened at least six Post Office boxes in Minnesota and received hundreds of victims' packages. He then collected the fraud proceeds and dispersed the money throughout the fraud network. Wilfred also directly communicated with some victims. For example, he sent some victims romantic cards containing trinkets, like wedding rings, and made it appear those mailing came from the false persona. This deepened the fictitious romantic connection and lured the victims into sending more money. In total, Wilfred received over 400 victim packages containing over \$1.3 million in fraud proceeds during the scheme. Wilfred kept some of the proceeds for his personal benefit and disbursed the remainder of the proceeds to other scheme participants.

Wilfred pleaded guilty on June 15, 2023, to one count of mail fraud. He was sentenced yesterday by Judge Katherine M. Menendez.

This case was the result of an investigation conducted by **FBI and the U.S. Postal Inspection Service.**

Assistant U.S. Attorneys Jordan L. Sing and Robert M. Lewis prosecuted the case.

Updated November 17, 2023

Federal Jury Finds Three Defendants Guilty in \$300 Million Nationwide Telemarketing Fraud Scheme Targeting the Elderly

Tuesday, November 7, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A federal jury has found three defendants guilty in a \$300 million nationwide telemarketing fraud scheme that targeted elderly and vulnerable victims, announced U.S. Attorney Andrew M. Luger.

According to evidence presented at trial, Amondo Antoine Miller, 47, of Littleton, Colorado, Tashena Laverna Crump, 39, of Minneapolis, Minnesota, and Ballam Hazeakiah Dudley, 37, of Plymouth, Minnesota, knowingly conspired with at least 40 other defendants to carry out a telemarketing scheme that began in at least 2000 and victimized numerous individuals across the United States, many of whom are elderly and vulnerable.

"This was one of the largest elder fraud schemes in our nation, with over 150,000 elderly victims across the country," said United States Attorney Andrew M. Luger. "We are pleased with the verdict. Combating elder fraud and abuse is one of the Justice Department's top priorities, and we will continue to work closely with our law enforcement partners to combat systemic fraud of our most vulnerable citizens."

Miller, Crump, and Dudley accomplished their scheme by calling victim-consumers who had one or more existing magazine subscriptions and offering to "renew" the existing magazine subscriptions, often at a reduced cost. In reality, the defendants tricked the victim-consumers into signing up for entirely new magazine subscriptions, which they did not want and often could not afford. Some victim-consumers were fraudulently billed by as many as ten companies at a time and received more than \$1,000 in monthly

magazine subscription charges. Over the course of the scheme, the co-conspirators defrauded more than \$300 million from over 150,000 victims nationwide.

Following a month-long trial before Judge John R. Tunheim in U.S. District Court in Minneapolis, Dudley, Crump, and Miller, were found guilty of multiple counts of conspiracy to commit mail fraud, mail fraud, and wire fraud. Their sentencing hearings will be scheduled at a later date.

"The perpetrators of this reprehensible scam exhibited a ruthless level of deception and manipulation by targeting vulnerable victims," said Special Agent in Charge Alvin M. Winston, Sr. "This verdict sends a strong message that those who seek to exploit vulnerable Americans will be brought to justice."

"Yesterday's verdict reaffirms how critical a role the U.S. Postal Inspection Service plays in protecting the American consumer from these types of fraudulent schemes and in ensuring that the nation's U.S. Mail stream is not used by criminals to prey upon our citizens," said Denver Division Inspector in Charge Bryan Musgrove. "The bold egregious nature in which these fraudsters victimized our elders and stripped them of their hard-earned money illustrates their callous disregard for human decency and overall greed. This investigation is a tremendous example of how the U.S. Postal Inspection Service and our FBI law enforcement partners can work side by side in an effort to bring these fraudsters to justice."

The case was the first in Minnesota charged under the Senior Citizens Against Marketing Scams Act of 1994, which ensures enhanced penalties for persons convicted of mail or wire fraud in connection with the conduct of telemarketing. This case is the result of an investigation conducted by the United States Postal Inspection Service, the Federal Bureau of Investigation, and the Treasury Inspector General for Tax Administration (TIGTA).

Based on the evidence obtained in this investigation, authorities believe there may be additional victims of the alleged conduct. Report suspected fraudulent activity to MagazineVictims@FBI.GOV.

Assistant U.S. Attorneys Harry M. Jacobs, Matthew S. Ebert, Garrett S. Fields, and Melinda

A. Williams tried the case.

Updated November 7, 2023

Minneapolis Man Pleads Guilty to Wire Fraud in \$250 Million Feeding Our Future Fraud Scheme

Thursday, December 14, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Minneapolis man has pleaded guilty to his role in the \$250 million fraud scheme that exploited a federally-funded child nutrition program during the COVID-19 pandemic, announced U.S. Attorney Andrew M. Luger.

According to the defendant's guilty plea and court documents, Ahmed Sharif Omar-Hashim, also known as Salah Donyale, 40, admitted that from April 2020 through January 2022, he knowingly participated in a scheme to defraud the federal child nutrition program, a program designed to provide free meals to children in need. Omar-Hashim and his co-conspirators obtained, misappropriated, and laundered millions of dollars in program funds that were intended as reimbursements for the cost of serving meals to underprivileged children.

According to the defendant's guilty plea and court documents, in September 2020, the defendant created a company called Olive Management Inc., under the sponsorship of Feeding Our Future. Olive Management purported to operate a federal child nutrition

program site in St. Cloud, Minnesota that served meals to 3,000 children a day, seven days a week. From September 2020 to September 2021, the defendant and his co-conspirators fraudulently claimed to have served more than 1.6 million meals to children at the Olive Management site. In support of these claims, the defendant prepared and submitted fake meal count sheets and invoices. Conspirators also submitted a fake attendance roster purporting to list the names of 2,040 children who attended the Olive Management site's "after-school program." Of the approximately 2,040 names on the list, only approximately 20 matched the names of children attending school in the St. Cloud Public School District. Based on these fraudulent claims, Omar-Hashim and his co-conspirators received approximately \$7,490,711 in Federal Child Nutrition Program reimbursements for meals purportedly served to children at the Olive Management site.

Hashim-Omar pleaded guilty yesterday in U.S. District Court before Judge Nancy E. Brasel to one count of wire fraud. A sentencing hearing will be scheduled at a later time. **This case is the result of an investigation conducted by the FBI, IRS – Criminal Investigations, and the U.S. Postal Inspection Service.**

Assistant U.S. Attorneys Joseph H. Thompson, Harry M. Jacobs, Matthew S. Ebert, and Chelsea A. Walcker are prosecuting the case. Assistant U.S. Attorney Craig Baune is handling the seizure and forfeiture of assets.

Updated December 14, 2023

Brooklyn Park Man Pleads Guilty to \$2.3M Romance Fraud Scheme

Thursday, December 21, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST PAUL, Minn. – A Brooklyn Park man has pleaded guilty to facilitating a national romance fraud scheme, announced U.S. Attorney Andrew M. Luger.

According to court documents, beginning in May 2018 through June 2022, Dodzi Kwame Kordorwu, 37, helped facilitate an online romance fraud scheme that targeted primarily elderly victims and lured them into sending money under false pretenses. The scheme relied on perpetrators impersonating a real or plausible but fictitious person,

such as a senior U.S. diplomat or military official, that contacted the victims through online social media applications. The scheme participants then sought to forge a romantic connection with the victims. If successful, the scheme participants would then ask the victims for money purportedly to assist the false persona with some problem or need. Occasionally, the scheme participants would even introduce the victims to a purported third-party intermediary who would corroborate the false persona's story and assist in defrauding the victims. The victims eventually were directed to send large sums of money by mail or other commercial means to a specified name and address.

In total, Kordorwu received over 90 victim packages containing approximately \$2,231,998 in fraud proceeds throughout the scheme. Kordorwu kept some of the proceeds for his personal benefit and disbursed the remainder of the proceeds to other scheme participants.

Kordorwu pleaded guilty yesterday to one count of mail fraud in U.S. District Court before Judge Eric C. Tostrud. A sentencing hearing will be scheduled at a later date.

This case is the result of an investigation conducted by the FBI, the U.S. Postal Inspection Service, and a Digital Forensic Investigator with Hennepin County.

Assistant U.S. Attorneys Jordan L. Sing and Robert M. Lewis are prosecuting the case.

Updated December 22, 2023

Shakopee Man Sentenced to Prison for \$3.1 Million Ponzi Scheme

Friday, October 13, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Shakopee man has been sentenced to 51 months in prison, three years of supervised release, and ordered to pay \$3.1 million in restitution for operating a fraudulent investment scheme, announced United States Attorney Andrew M. Luger.

According to court documents and his guilty plea, between 2014 and 2021, Jason Dodd Bullard, 59, and others working at his direction solicited funds from individuals, entities, and trusts purportedly to invest in a foreign currency investment program. In reality, Bullard was operating a Ponzi scheme. The funds collected from investors over time were used to fund other entities owned or controlled by Bullard, which were not part of the purported investment plan, and to make payments back to investors to falsely portray the appearance of actual returns. Bullard also used investor funds to support his and his family's lifestyle. Bullard lied to investors in reports and statements sent to investors that purported to describe the balances and activity in investors' accounts. These statements were meant to encourage further investment and to keep investors from learning the truth and to allow Bullard to continue the fraudulent scheme. In total, Bullard defrauded approximately 100 victims in several states, including Minnesota, out of \$3,108,312.24 over the course of the scheme.

Bullard pleaded guilty on April 25, 2023, to one count of wire fraud. Bullard was sentenced yesterday in U.S. District Court before Judge Katherine M. Menendez.

This case is the result of an investigation conducted by the FBI.

Assistant U.S. Attorney Robert M. Lewis prosecuted the case.

Updated October 13, 2023

Chanhassen Psychologist Sentenced to Prison for Health Care Fraud

Friday, September 29, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST. PAUL, Minn. – A Chanhassen psychologist has been sentenced to 24 months in prison followed by three years of supervised release for fraudulently billing for counseling services never actually rendered, announced U.S. Attorney Andrew M. Luger.

According to court documents, Charles Howard Jorenby, 57, was a licensed psychologist and owner of Life Dynamics, Inc., a counseling center located in Prior Lake. From at least January 2013 through February 2020, Jorenby orchestrated a scheme to defraud the Shakopee Mdewakanton Sioux Community (SMSC), which is responsible for funding its own tribal members' health care costs. In order to administer its own self-funded costs, SMSC contracted with Blue Cross Blue Shield Minnesota (BCBS) as its health care administrator and processor for provider billing. Jorenby realized that, within the relationship between SMSC and BCBS, billed services were fully covered, and no individuals received any mailings or "explanation of benefits" paperwork, and that he could therefore submit fraudulent bills for counseling services he claimed to have provided to dozens of SMSC members without any notice to the individuals. In reality, Jorenby never provided counseling services to those individuals, and he used their names and dates of birth without their knowledge or permission. As a result of his false billing practices, SMSC suffered a loss of at least \$819,020.83.

According to court documents, in 2017, Jorenby also submitted an additional fraudulent insurance claim to State Farm Insurance following a fire at his business office. In that claim, Jorenby knowingly provided false information regarding lost income, inflating his claimed income to include earnings associated with his fraudulent billings. Jorenby received a settlement of \$104,930 as a result of his misrepresentation. In sentencing Mr. Jorenby, the District Court ordered him to pay SMSC \$819,020.83, and State Farm Insurance \$104,930, as restitution.

"When criminals commit health care fraud it can negatively affect the health care system in the form of increased fees and lower wages," said Special Agent in Charge of Homeland Security Investigations (HSI) Saint Paul Jamie Holt. "These crimes are further exacerbated when they are committed by individuals, like Jorenby, who hold positions of trust throughout a community, particularly for those who relied upon him for their, or their family members' mental well-being."

On November 29, 2022, Jorenby pleaded guilty to one count of health care fraud. He was sentenced on September 22, 2023, by U.S. District Judge Susan Richard Nelson.

This case is the result of an investigation conducted by Homeland Security Investigations and the Minnesota Commerce Fraud Bureau.

Assistant U.S. Attorney Lindsey E. Middlecamp prosecuted the case.

Updated September 29, 2023

Blaine Business Owner Pleads Guilty in \$600,000 Scheme to Defraud Hundreds of Jobseekers

Wednesday, September 27, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Blaine man has pleaded guilty to wire fraud after devising an employment opportunity scheme to defraud hundreds of jobseekers out of approximately \$600,000, announced United States Attorney Andrew M. Luger.

According to court documents, Charles Edward Fields, 44, was the owner and operator of a series of companies through which he pitched employment opportunities to prospective workers throughout the United States. The employment opportunities that Fields purported to provide were through his businesses, some of which included HOMESoft Systems Incorporated, WaterTek Marketing Corporation, Water Innovations Group, Inc., W I G Holdings Corporation, Mile High H2O Corporation, and the NEW H2O. Fields, claimed that, after job applicants paid him an upfront deposit of approximately \$3,000 to \$5,000, he would hire them as sales contractors to sell products nationwide to the public, primarily home security or water filtration systems. As part of the scheme, Fields also misrepresented his affiliation with, and his authority to act on behalf of, Company A, a long-standing international company that designs and distributes various models of water machines and filtration systems.

According to court documents, Fields routinely posted nationwide online employment advertisements promising job seekers training, sales leads, and \$6,000 in guaranteed monthly profit. Despite paying Fields the required upfront deposit, many of his victims never received the product or the training that they paid for as a condition of their employment. In reality, the employment opportunities never materialized as promised by Fields. In addition, Fields misrepresented to job applicants that their deposits would be securely held in escrow and subsequently refunded to them upon request. However,

rather than provide victims with the promised equipment or employment opportunities, Fields instead used much of the victims' funds for his own personal use and benefit or to refund some victims using other victims' money. In order to conceal his fraud and stave off scrutiny, Fields lulled his victims with bogus excuses as to why he was unable to fulfill his promises or return their funds. In total, Fields defrauded at least 250 victims of at least \$600,000.

Fields pleaded guilty today in U.S. District Court before Senior Judge David S. Doty. A sentencing hearing will be scheduled at a later date.

This case is the result of an investigation conducted by the FBI.

Assistant U.S. Attorney Matthew S. Ebert is prosecuting the case.

Updated September 27, 2023

Bloomington Woman Sentenced to 7.5 Years in Prison for \$7.1 Million Fraud Scheme

Tuesday, August 15, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST. PAUL, Minn. – A Bloomington woman was sentenced to 90 months in prison, three years of supervised release, and ordered to pay \$4.7 million in restitution for defrauding federal pandemic programs, announced United States Attorney Andrew M. Luger.

According to court documents, from June 2020 through January 2022, Tequisha Solomon, 40, executed a scheme to fraudulently obtain pandemic assistance money from various states, including Minnesota's Department of Employment and Economic Development (DEED) and California's Employment Development Department (EDD).

As part of the fraud scheme, Solomon sought Unemployment benefits (UI) from states where she had no lawful basis to receive them. For example, while Solomon resided in

Minnesota and Nevada, she falsely claimed to California's EDD that she worked and resided in Los Angeles, California. As a result, California's EDD paid Solomon at least \$37,000 in periodic UI payments between approximately in 2020 and 2021, during which time she actually resided in Minnesota or Nevada.

Solomon also unlawfully sought to obtain UI benefits from multiple states simultaneously. For instance, in October 2020, Solomon fraudulently claimed UI benefits from the Illinois Department of Employment Security when she was actually residing in Minnesota and was already fraudulently receiving UI benefits from California's EDD. In March 2021, Solomon fraudulently applied for UI from Minnesota's DEED, and concealed her fraudulent receipt of UI benefits from California and Illinois.

In addition to fraudulently obtaining pandemic-related benefits for herself, Solomon also assisted others to obtain pandemic-related funds in exchange for a fee, often as much as \$2,000. Solomon submitted over 200 false and fraudulent applications for UI benefits on behalf of others.

In total, Solomon fraudulently applied for \$7,149,032 in pandemic-related funds and caused the United States and multiple state agencies to pay out at least \$4,708,191 in the form of fraudulent UI benefits and small business loan proceeds.

On December 13, 2022, Solomon pleaded guilty to one count of wire fraud. She was sentenced today in U.S. District Court before Judge Eric C. Tostrud.

This case is the result of an investigation conducted by the FBI, the U.S. Department of Labor-Office of Inspector General, and the U.S. Postal Inspection Service, with assistance from the St. Paul Police Department and the California Employment Development Department.

Assistant U.S. Attorney Matthew S. Ebert prosecuted the case.

Updated August 16, 2023

California Woman Sentenced to Prison for Embezzling More Than \$1 Million from Employer

Friday, July 21, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A California woman was sentenced to 66 months in prison, two years of supervised release, and ordered to pay \$1,791,334.81 in restitution for embezzling more than \$1 million from her employer, announced United States Attorney Andrew M. Luger.

According to court documents, Mai Houa Xiong, 47, of Fresno, California, was employed as a financial manager for a Minneapolis-based property management company that provided financial services to homeowners' associations (HOAs) throughout the Twin Cities metro area. Xiong's duties included bookkeeping, and as manager she had nearly unfettered access to the victim homeowner's associations' financials, bank accounts, vendor and contractor payments, and bookkeeping systems. Between February 2015 and February 2022, Xiong devised and executed a fraud scheme to embezzle funds directly from the accounts to which she had access. These funds were HOA fees collected from residents intended to pay for maintenance, construction, and other costs incurred by the victim associations.

As part of the scheme, Xiong repeatedly accessed the HOAs' bank accounts and conducted electronic transfers of funds directly into her personal bank accounts. Xiong disguised these transfers by mis-labeling them to make it appear as if they were legitimate HOA expenses. Xiong also used her authority as a signatory to make cash withdrawals directly from the HOAs' accounts, including making withdrawals after she was fired from her position in July 2021. After her termination, Xiong began collecting Unemployment Insurance (UI) funds. However, even after Xiong found new employment, she continued to wrongfully obtain public UI benefits.

Xiong pleaded guilty on March 9, 2023, to one count of wire fraud, one count of aggravated identity theft, and one count of making and subscribing a false tax return. Xiong was sentenced today before Chief Judge Patrick J. Schiltz.

This case is the result of an investigation conducted by the IRS – Criminal Investigations, the Minnesota Bureau of Criminal Apprehension, and the Minneapolis Police Department.

This case was prosecuted by Assistant U.S. Attorney Allison K. Ethen.

Updated July 21, 2023

Former CFO Pleads Guilty to Embezzling More Than \$3 Million from Employer

Thursday, June 29, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST. PAUL, Minn. – An Arizona man has pleaded guilty to wire fraud after embezzling more than \$3 million from his employer, announced U.S. Attorney Andrew M. Luger.

According to court documents, David Efrem Katz, 56, was the former Chief Financial Officer (CFO) of Durand and Associates (“D&A”), a property management company that specialized in servicing homeowner associations (“HOAs”). Between 2012 and 2017, Katz embezzled over \$3 million from D&A and its client HOAs.

Katz worked for D&A from approximately 1998 to 2017, starting as an accountant and eventually becoming CFO. As CFO, Katz had authorization to open credit cards in D&A’s name and use those credit cards for business expenses. However, Katz was not authorized to charge personal expenses to the cards, take out loans on D&A’s behalf without the owner’s approval, or use funds belonging to D&A or its HOA clients to pay his personal expenses.

Beginning in at least 2012 and continuing into 2017, Katz embezzled over \$3 million from D&A and its HOA clients. Katz, who as CFO of D&A was responsible for payroll,

paid himself significantly more than his agreed upon salary. Between 2011 and 2017, Katz paid himself \$6,500 every two weeks as a salary despite his base salary never being more than \$47,500 annually.

Katz also reimbursed himself for personal expenses and business expenses he never actually incurred. Katz paid himself between approximately \$6,000 and \$10,000 in reimbursements every two weeks. He labeled these payments as miscellaneous earnings and reimbursements, "recovery loans," bonuses, and commissions. Katz never loaned or invested money in D&A that he was entitled to "recover." To the extent he earned bonuses and commissions, they were in amounts significantly less than what he paid himself. And although Katz incurred some legitimate business-related expenses, they were in amounts significantly less than what he reimbursed himself.

Katz pleaded guilty on June 26, 2023, in U.S. District Court before Judge Katherine M Menendez to one count of wire fraud. A sentencing hearing will be scheduled at a later time.

This case is the result of an investigation conducted by the FBI.

Assistant U.S. Attorneys Harry M. Jacobs and Matthew S. Ebert are prosecuting the case.

Updated June 30, 2023

Cottonwood County Farmer Pleads Guilty in \$19 Million Organic Grain Fraud Scheme

Friday, May 12, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

ST PAUL, Minn. – A Cottonwood County man has pleaded guilty to wire fraud, announced U.S. Attorney Andrew M. Luger.

According to court documents, between 2013 and 2021, James Clayton Wolf, 65, a certified organic farmer, engaged in a scheme to defraud grain purchasers by selling them non-GMO grains falsely represented as organic. In his guilty plea, Wolf admitted purchasing conventionally farmed grains from a supplier and reselling the grains labelled as organic. The scheme netted profits of more than \$19.6 million, which Wolf used to purchase real estate, vehicles and farm equipment, and investments. As part of the agreement, Wolf will forfeit all the proceeds of the fraud.

Wolf pleaded guilty earlier today before U.S. District Judge Judge Katherine M. Menendez to one count of wire fraud. A sentencing hearing will be scheduled at a later date.

This case is the result of an investigation conducted by the U.S. Department of Agriculture Office of the Inspector General (USDA-OIG), the FBI, and the U.S. Marshals Service, with assistance from the Cottonwood County Sheriff's Office.

Assistant U.S. Attorneys Robert Lewis, Craig Baune, and Quinn Askew are prosecuting the case.

Updated May 12, 2023

Superseding Indictment Charges Two Cottonwood County Farmers in \$46 Million Organic Grain Fraud Scheme

Friday, January 13, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – Two Cottonwood County men have been charged in a superseding indictment with conspiring to defraud grain purchasers out of more than \$46,000,000 by selling non-GMO grains falsely labeled as organic, announced U.S. Attorney Andrew M. Luger.

According to court documents, between 2014 and 2021, James Clayton Wolf, 65, a certified organic farmer, engaged in a scheme to defraud grain purchasers by selling them non-GMO grains falsely represented as organic. The charges allege that as part of his scheme, Wolf also grew conventionally farmed crops using chemical fertilizers and pesticides, in violation of organic farming standards, and provided grain purchasers with copies of his National Organics Program certification but withheld that the grains were not organically farmed. The superseding indictment charges that after Wolf's organic farming certification was revoked in 2020, Adam Clifford Olson, 45, also a certified organic farmer, helped Wolf sell non-GMO crops falsely described as organic.

The superseding indictment charges Wolf and Olson with three counts of wire fraud and one count of conspiracy. Wolf, who was charged in the first indictment, made his initial appearance on July 22, 2022, in U.S. District Court before Magistrate Judge David T. Schultz. Olson is scheduled to make his initial appearance on January 26, 2023, before Magistrate Judge John F. Docherty.

This case is the result of an investigation conducted by the U.S. Department of Agriculture Office of the Inspector General (USDA-OIG), the FBI, and the U.S. Marshals Service, with assistance from the Cottonwood County Sheriff's Office.

Assistant U.S. Attorneys Robert Lewis, Craig Baune, and Quinn Askew are prosecuting the case.

An indictment is merely an allegation and the defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Updated January 13, 2023

Duluth Man Pleads Guilty to Wire Fraud for Operating Fraudulent Law Firm

Thursday, May 11, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Duluth man has pleaded guilty to wire fraud after pretending to operate a law firm and defrauding an individual out of thousands of dollars in legal fees, announced U.S. Attorney Andrew M. Luger.

According to court documents, between March and April 2022, Gale Allen Rachuy, 73, devised and executed a scheme to defraud an individual (Victim A) by falsely representing that he could provide legal services in connection with Victim A's post-conviction motion in exchange for \$10,000. Rachuy told Victim A that he operated Midwest Legal Service, a Duluth-area law firm, for more than 38 years and claimed to employ several attorneys, including a retired federal judge who previously served on the Seventh Circuit Court of Appeals (Judge A) and a retired Hennepin County District Court judge (Judge B).

According to court documents, on March 10, 2022, Rachuy sent a letter to Victim A on Midwest Legal Service letterhead falsely claiming that Judge A would assist in Victim A's legal representation and enclosed a copy of a retainer agreement seeking a \$2,500 payment. On March 15, 2022, Rachuy received the \$2,500 retainer from Victim A. Shortly thereafter, Victim A became suspicious and confronted Rachuy because Victim A had not received a draft of the legal documents Rachuy had promised to file. Rachuy promised Victim A that he would promptly refund the money, but never did so. Instead, Rachuy continued to falsely assure Victim A that Judge A and Judge B were working on the case.

Rachuy pleaded guilty yesterday in U.S. District Court before Senior Judge Joan N. Ericksen to one count of wire fraud. A sentencing hearing will be scheduled at a later date.

This case is the result of an investigation conducted by the FBI, the Duluth Police Department, and the Hermantown Police Department, with assistance from the St. Louis County Attorney's Office.

Assistant U.S. Attorneys Chelsea A. Walcker and Harry M. Jacobs are prosecuting the case.

Updated May 11, 2023

U.S. Attorney Announces Federal Charges Against 10 Additional Defendants in \$250 Million Feeding Our Future Fraud Scheme

Monday, March 13, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – The U.S. Attorney's Office for the District of Minnesota today announced federal criminal charges against 10 additional defendants for their alleged roles in the fraud scheme that exploited a federally-funded child nutrition program during the COVID-19 pandemic.

The 10 defendants are charged across four separate indictments and two criminal informations with charges of conspiracy, wire fraud, money laundering, and bribery.

As outlined in the charging documents, the defendants participated in a massive scheme to defraud the Federal Child Nutrition Program by obtaining, misappropriating, and laundering millions of dollars in program funds that were intended as reimbursements for the cost of serving meals to children. The defendants exploited changes in the program intended to ensure underserved children received adequate nutrition during the COVID-19 pandemic. Rather than feed children, the defendants enriched themselves by fraudulently misappropriating millions of dollars in Federal Child Nutrition Program funds.

The following defendants are named in the four indictments:

- **Kawsar Jama**, 41, of Eagan, was the principal of Gedo Community Services and Ahlan Childcare Center, Inc., both of which Jama enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future and Sponsor A. As alleged, between September 2020 through February 2022, Jama falsely claimed to have served approximately 1.46 million meals to needy children at sites in Pelican Rapids, Burnsville, and Minneapolis. In total, Jama submitted \$3.7 million in fraudulent claims for Federal Child Nutrition Program funds, some of which she spent on living expenses, real estate, and vehicles, including a Tesla Model X and an Infiniti QX56 SUV. Jama is charged with five counts of wire fraud and four counts of money laundering. 22-CR-226 (NEB/TNL)
- **Abdikadir Kadiye**, 51, of Minneapolis, was the president of Hobyo Health Care Foundation, which he enrolled in the Federal Child Nutrition Program under the sponsorship of Sponsor A. As alleged, throughout 2021, Kadiye falsely claimed to have served at least 445,000 meals to needy children at his sites in Minnetonka, Eden Prairie, and Minneapolis. In total, Kadiye submitted more than \$1.1 million in fraudulent claims for Federal Child Nutrition Program funds, some of which he spent on vehicles (including a \$105,000 2022 BMW sport utility vehicle), airline tickets, real estate, and \$20,000 towards the purchase of a laundromat. Kadiye is charged with conspiracy to commit money laundering and three counts of wire fraud. 22-CR-226 (NEB/TNL)
- **Abdulkadir Awale**, 50, of Bloomington, was the principal of Karmel Coffee, LLC and Sambusa King, Inc., and the CEO of Nawal Restaurant. All three of Awale's businesses were enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future and Sponsor A. As alleged, between April 2020 through January 2022, Awale falsely claimed that through his businesses he provided food for more than 3.6 million meals to various sites in Minnesota, totaling approximately \$11.8 million in fraudulent Federal Child Nutrition Program funds. As part of the scheme, Awale also paid at least \$83,000 in kickbacks to a Feeding Our Future employee. Awale used some of funds to make mortgage payments, cash withdrawals, and purchase vehicles, including a Freightliner Cascadia truck. Awale is charged with conspiracy to commit money laundering, five counts of money laundering, three counts of wire fraud, and four counts of federal programs bribery. 22-CR-226 (NEB/TNL)
- **Khadra Abdi**, 41, of Minneapolis, was the principal of Shafi'I Tutoring & Homework Help Center, which she enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future. As alleged, between April 2020 through December 2021, Abdi falsely claimed to serve 1.1 million meals to needy children at her site in Hopkins. In total, Abdi submitted more than \$3.4 million in fraudulent claims for Federal Child Nutrition Program funds. As part of the scheme, Abdi also paid at least \$17,000 in kickbacks to a Feeding Our Future

employee. Abdi used some of funds to make credit card payments, cash withdrawals, and purchase clothing. Abdi is charged with two counts of wire fraud and three counts of federal programs bribery. 22-CR-226 (NEB/TNL)

- **Ayan Farah Abukar**, 41, of Savage, was the founder and executive director of Action for East African People, a non-profit which she enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future and Sponsor A. As alleged, between October 2020 through 2022, Abukar falsely claimed to be serving as many as 5,000 children a day at her various sites in Bloomington, Minneapolis, Savage, and St. Paul. In total, Abukar fraudulently received approximately \$5.7 million in fraudulent Federal Child Nutrition Program funds. As part of the scheme, Abukar also paid more than \$330,000 in kickbacks to a Feeding Our Future employee. Abukar spent millions on real estate, including a 37-acre commercial property in Lakeville and spent hundreds of thousands of dollars towards the purchase of an aircraft to be delivered to Nairobi, Kenya. Abukar is charged with conspiracy to commit wire fraud, conspiracy to commit federal programs bribery, three counts of federal programs bribery, and three counts of money laundering. 23-CR-80
- **Sade Osman Hashi**, 45, of Minneapolis, was the principal of Great Lakes Inc. and Safari Express, entities which he enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future and Sponsor A. As alleged, between September 2020 through 2022, Hashi falsely claimed to be serving as many as 2,500 meals each day to needy children at his site in the Midtown Global Market in Minneapolis. In total, Hashi fraudulently received approximately \$5.7 million in fraudulent Federal Child Nutrition Program funds. As part of the scheme, Hashi also paid more than \$150,000 in kickbacks to a Feeding Our Future employee. Hashi used some of the funds to make cash withdrawals and converted approximately \$133,000 to cryptocurrency. Hashi is charged with four counts of wire fraud, conspiracy to commit federal programs bribery, three counts of federal programs bribery, and one count of money laundering. 23-CR-81
- **Sharon Denise Ross**, 52, of Big Lake, was the executive director of House of Refuge Twin Cities, a non-profit which she enrolled in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future and Sponsor A. As alleged, between October 2021 and January 2022, Ross falsely claimed to be serving thousands of children each day at her House of Refuge sites. In total, Ross fraudulently received approximately \$2.8 million in fraudulent Federal Child Nutrition Program funds, some of which she spent on real estate, vehicles, and payments to family members. Ross is charged with ten counts of wire fraud and two counts of money laundering. 23-CR-82

Criminal informations:

- **Mohamed Ali Hussein**, 53, and **Lul Bashir Ali**, 57, both of Faribault, enrolled their entities Somali American Faribault Education (SAFE) and Lido Restaurant in the Federal Child Nutrition Program under the sponsorship of Feeding Our Future. As alleged, Hussein falsely claimed that the SAFE site in Faribault was serving as many as 2,500 children a day, seven days a week. Lul Ali falsely claimed that the Lido Restaurant site in Faribault was serving as many as 1,600 children a day, seven days a week. In total, Hussein and Lul Ali received more than \$5 million in fraudulent Federal Child Nutrition Program funds. As part of the scheme, Hussein also paid more than \$100,000 in kickbacks to a Feeding Our Future employee. Hussein and Lul Ali are charged with conspiracy to commit wire fraud. 23-CR-91
- **Mulata Yusuf Ali**, 38, of Minneapolis, is charged with theft of government funds involving the Federal Child Nutrition Program from December 2020 through January 2022. 23-CR-92

United States Attorney Andrew Luger thanks the FBI, IRS – Criminal Investigations, and the U.S. Postal Inspection Service for their collaboration and skilled investigative work in bringing these indictments.

Assistant U.S. Attorneys for the District of Minnesota Matthew S. Ebert, Harry M. Jacobs, Chelsea A. Walcker, and Joseph H. Thompson are prosecuting the cases. Assistant U.S. Attorney Craig Baune is handling the seizure and forfeiture of assets.

An indictment is merely an allegation and the defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Updated March 13, 2023

Waseca Travel Agency Owner Sentenced to 24 Months in Prison for Wire Fraud

Thursday, January 12, 2023

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For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Waseca man has been sentenced to 24 months in prison for wire fraud, announced U.S. Attorney Andrew M. Luger.

According to court documents, from August 2016 to January 2019, Matthew Harold Schumacher, 46, owned and operated Travel Troops, LLC. Schumacher misappropriated commission payments meant for travel agents for his own personal use. After customers booked their travel arrangements with travel agents, the travel suppliers provided Schumacher with the commission payments due to respective independent travel agents who booked the travel. However, as part of Schumacher's scheme to obtain and retain travel agents' money for himself without their knowledge or consent, Schumacher routinely provided his travel agents with materially false and fraudulent information. Schumacher lied to travel agents that their commission money would be paid to them, when, in fact, he kept all of the victims' money or, in other instances, despite refund requests, he provided some victims with commission payments that were late, incomplete, or both.

According to court documents, Schumacher defrauded at least 36 travel agents nationwide of their primary income source. Schumacher deposited at least \$160,000 in victims' funds to his personal account which he used for personal travel expenses, cash withdrawals, retail purchases, car payments, credit card bills, entertainment tickets, and loan payments. He also withdrew thousands of dollars in cash and spent at least \$150,000 in victims' money on his own travel expenses.

On June 30, 2021, Schumacher pleaded guilty to one count of wire fraud. Schumacher was sentenced yesterday in U.S. District Court by Senior Judge Ann D. Montgomery.

This case is the result of an investigation conducted by the FBI.

This case was prosecuted by Assistant U.S. Attorney Matthew S. Ebert.

Wisconsin US Attorney 2023

Case Highlights

MADISON, WIS. - A federal grand jury in the Western District of Wisconsin, sitting in Madison, returned the following indictments today. You are advised that a charge is merely an accusation and that a defendant is presumed innocent until and unless proven guilty.

Two Florida Residents Charged with Money Laundering Conspiracy

Denise Webley, 40, Tamarac, Florida, and Julio Madruga Rosa, 51, Gulf Stream, Florida are charged with participating in a money laundering conspiracy. The indictment alleges that they conspired with others to conduct financial transactions involving the proceeds of an unlawful activity, specifically wire fraud. The indictment alleges that the defendants maintained bank accounts designed to collect and funnel cash proceeds from unlawful activities, and that Webley held Account A and Madruga Rosa held Account B. The indictment further alleges that Webley received a weekly payment for maintaining Account A, and Madruga Rosa received a percentage of the funds laundered through Account B as payment.

The indictment alleges that in November and December 2020, unknown fraud perpetrators used false pretenses to convince employees of businesses in the Western District of Wisconsin and elsewhere, to collect and deliver the businesses' cash-on-hand to couriers who the fraud perpetrators misrepresented were authorized by the business to receive the funds. The indictment alleges that as part of the conspiracy, in December 2020 in Rib Mountain, Wisconsin, two couriers collected \$242,980 in currency from an employee of a retail store. The indictment further alleges that over \$233,000 of the fraud proceeds were deposited into Account A, almost immediately were electronically transferred into Account B, and then subsequently transferred out of the United States.

The money laundering charges against Webley and Madruga Rosa are the result of an investigation by the U.S. Department of Homeland Security – Homeland Security Investigations and the Federal Bureau of Investigation. The investigation of the fraud scheme was conducted by these two agencies and the Merrill, Wausau, Everest

Metropolitan, Stevens Point, and West Allis Police Departments, the Marathon County Sheriff's Office, with assistance from the Marathon County District Attorney's Office. Assistant U.S. Attorney Meredith P. Duchemin is handling this case.

Two Face Charges Related to Contraband in Federal Prison

James Arthur Mallett, 40, formerly of Minneapolis, Minnesota, is charged with possessing a prohibited object while an inmate the Federal Correctional Institution at Oxford, Wisconsin. The indictment alleges that on August 4, 2023, Mallett possessed strips containing Buprenorphine, a narcotic drug. Imogene R. Lawson, 60, Chicago, Illinois, is charged with providing Mallett with the strips containing Buprenorphine on that day.

If convicted, Mallett and Lawson each face a maximum penalty of 20 years in federal prison. The charges against them are the result of an investigation by the Bureau of Prisons and the Federal Bureau of Investigation. Assistant U.S. Attorney William Levins is handling the prosecution.

Updated December 20, 2023

MADISON, WIS. – Timothy M. O'Shea, United States Attorney for the Western District of Wisconsin, announced that Christian Wink, 27, La Valle, Wisconsin, was sentenced today by Chief U.S. District Judge James D. Peterson to 5 years of probation for wire fraud and filing a false tax return. Wink pleaded guilty to these charges on June 22, 2023.

The government's investigation revealed that between 2017 and 2020, Wink ordered expensive items through Amazon, such as ethernet switches and Wi-Fi routers, and then initiated the return process. Wink would return materially different items that were cheaper or broken, such as cell phone charging cables. Wink then received a refund for the amount of the original purchases. Wink then kept both the ordered items and the refund. During the course of this scheme, Wink engaged in more than 3,485 fraudulent transactions causing losses to Amazon of approximately \$372,359.07. Wink admitted that he failed to report the income he generated from the fraudulent return scheme on his personal 2020 tax return.

At the sentencing hearing, Judge Peterson stated that the scope and scale of Wink's criminal conduct normally would warrant a prison sentence. However, Judge Peterson noted that it was a mitigating circumstance that Wink has a long history of suffering from mental illness, including the time period he committed the fraud against Amazon. Judge Peterson also noted that Wink turned his life around once he committed to mental health treatment in 2021. Judge Peterson concluded that a sentence of five years of probation would allow Wink to continue effectively managing his mental health needs.

The charges against Wink were a result of an investigation conducted by IRS Criminal Investigation. Amazon provided support for the investigation. The prosecution of the case has been handled by Assistant U.S. Attorney Aaron Wegner.

Connecticut Man Charged with Fraud Scheme Involving Elderly Victims

Thursday, October 12, 2023

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For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – In an indictment returned yesterday by a federal grand jury sitting in Madison, Wisconsin, a Connecticut man is charged with conspiring to commit wire fraud. The indictment is announced by Timothy M. O'Shea, United States Attorney for the Western District of Wisconsin, Wisconsin Attorney General Josh Kaul, and FBI Special Agent in Charge Michael E. Hensle.

The indictment charges Matthew Ramos-Soto, 26, Hartford, Connecticut, with conspiring with others to defraud Wisconsin residents. The indictment alleges that from October 24 to 28, 2022, unknown conspirators contacted elderly individuals by telephone and falsely represented that a relative had been arrested following an accident and that money for bail was needed. The indictment further alleges that Ramos-Soto and his co-conspirators traveled throughout Wisconsin to pick up cash in person from the targeted individuals.

"Elder fraud is a serious issue, and we're committed to combating it," said Attorney General Josh Kaul. "Thank you to those in Wisconsin DOJ's Division of Criminal Investigation and the other public safety professionals whose work led to this charge."

"Unfortunately, scams targeting the elderly or vulnerable are proliferating. If someone demands money over the phone or internet, always reach out to a trusted advisor, law enforcement agency, or the fraud hotlines described below," said U.S. Attorney O'Shea. "My office is committed to working with local, state, and federal law enforcement partners to investigate and prosecute those who target vulnerable individuals for financial gain."

"I commend our long list of local and state law enforcement partners in bringing this perpetrator to justice," said **Special Agent in Charge Hensle**. "Elder fraud is a serious crime. Many of our senior citizens are targeted by unscrupulous individuals seeking to exploit their vulnerabilities, taking advantage of their trust, and causing significant financial and emotional harm. The FBI will continue to work with our partners and ensure that justice is served."

The indictment alleges that co-conspirators impersonated attorneys or judges, provided victims with false file or case numbers, and warned them that there was "a gag order" in their relative's court case and their relative could face additional consequences if the victim told anyone about the situation. Victims were instructed to go to their financial institutions to withdraw the needed money in cash and to provide a false reason for the withdrawal to their financial institution.

The indictment alleges that the Ramos-Soto and his co-conspirators obtained approximately \$200,000 during the five days of the conspiracy in October 2022. The indictment alleges three specific incidents in Wisconsin, including \$5,000 from an individual in Wrightstown, \$17,545 from an individual in Fitchburg, and \$12,500 from an individual in Hobart.

Ramos-Soto is in custody in Michigan. A date for his initial appearance in U.S. District Court in Madison has not been set. If convicted, Ramos-Soto faces a maximum penalty of 20 years in federal prison.

U.S. Attorney O'Shea, Attorney General Kaul, and Special Agent in Charge Hensle urge Wisconsin residents to be alert to financial fraud schemes that target the elderly and to talk to family and friends about recognizing common scams. If you suspect fraud has occurred or been attempted, report it to authorities so that those who commit fraud can be identified. The U.S. Justice Department operates the National Elder Fraud Hotline which can be reached at 1-833-FRAUD-11 (1-833-372-8311), which is staffed by case

managers who provide personalized support to callers. Wisconsin residents can also contact [their county elder abuse helpline](#) or the Wisconsin Elder Abuse Hotline at 1-833-586-0107.

The charge against Ramos-Soto is the result of an investigation led by the Wisconsin Department of Justice Division of Criminal Investigation and the Federal Bureau of Investigation, following a Statewide Crime Alert by the Columbia County Sheriff's Office that connected several investigations across Wisconsin. The other agencies involved in the investigation are the Outagamie, Shawano, Manitowoc, and Brown County Sheriffs' Offices; and the New Lisbon, Wrightstown, Fitchburg, Reedsburg, Randolph, Fox Valley Metro, Hobart Lawrence, Green Bay, Oshkosh, and Fond du Lac Police Departments. Assistant U.S. Attorney Meredith Duchemin is handling the prosecution.

You are advised that a charge is merely an accusation and that a defendant is presumed innocent until and unless proven guilty.

Updated October 12, 2023

Reedsburg Attorney Sentenced to 45 Months for Embezzlement Scheme

Thursday, September 7, 2023

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For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – Timothy M. O'Shea, United States Attorney for the Western District of Wisconsin, announced that Kristin Lein, 61, Reedsburg, Wisconsin, was sentenced today by U.S. District Judge William M. Conley to 45 months in prison, followed by three years of supervised release, for wire fraud, money laundering, and filing a false tax return. Lein pleaded guilty to these charges on June 14, 2023.

The government's investigation revealed that Lein, a licensed attorney in Wisconsin, engaged in a fraud scheme in which she stole \$1,643,818 from a client's trust accounts. In June 2019, Lein began transferring money from several accounts belonging to the client's trust to her own personal bank account. During a telephone call on February 2, 2022, Lein and the beneficiary of the trust discussed financial matters. During the telephone call, Lein told the beneficiary that the trust balance was over \$1,800,000. However, Lein knew that the actual amount of money held in the trust was significantly less due to her embezzlement of funds. Lein continued to embezzle money from the trust accounts until the funds were depleted in September 2022.

The investigation revealed that Lein used the embezzled funds to pay personal expenses, including improvements to her residence in Reedsburg and to purchase multiple vehicles, including a 2019 F-250 pickup truck, a 2017 Toyota Tacoma pickup truck, and a 2020 Mahinda tractor. Lein also admitted that she failed to report the income she obtained from the embezzlement on her 2019 personal tax return.

At the sentencing hearing, Judge Conley stated that it was hard to overstate the level of betrayal the defendant's client endured as a result of the embezzlement scheme. Judge Conley noted that Lein violated her ethical obligations as an attorney in "stunning ways." Judge Conley stated that the evidence showed that the defendant had lost her moral compass and the result was an "unspeakable loss" for the client.

The charges against Lein were a result of an investigation conducted by IRS Criminal Investigation. Assistant U.S. Attorney Aaron Wegner is handling the prosecution.

Updated September 7, 2023

Former Wausau Investment Advisor Sentenced to 8 Years for \$1.9 Million Ponzi Scheme

Friday, June 30, 2023

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For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – Timothy M. O’Shea, United States Attorney for the Western District of Wisconsin, announced that Anthony B. Liddle, 41, Wausau, Wisconsin was sentenced today by Chief U.S. District Judge James D. Peterson to 8 years in federal prison for wire fraud and money laundering. Liddle pleaded guilty to the charges on February 24, 2023.

Liddle served as an investment advisor for his own financial advisory firm, Prosper Wealth Management in Wausau. Between June 2019 and August 2022, he solicited money from his clients allegedly to place in low-risk investments. However, Liddle never actually invested the money. Instead, he kept the money and spent it on his businesses and on personal expenses, including travel. In total, he stole \$1,937,817.92 from his clients.

Liddle maintained a high profile in the investment community, hosting seminars and marketing himself as a successful family man who cared about helping others. Many of the victims were individuals he befriended. When the Wisconsin Department of Financial Institutions began investigating Liddle, he falsely claimed that each of the stolen investments were loans to him, even going so far as creating false loan documents.

In selecting a sentence of 8 years, Judge Peterson said he hoped to provide some measure of justice for the victims, whom he described as “hard-working people who accumulated their wealth over a long period of time.” Judge Peterson called Liddle’s crimes “monstrous,” because he ruthlessly manipulated and stole from people that he knew well.

The charges against Liddle were the result of an investigation conducted by the Federal Bureau of Investigation, IRS Criminal Investigation, Securities and Exchange Commission, and the Wisconsin Department of Financial Institutions. Assistant U.S. Attorneys Zachary Corey and Meredith Duchemin prosecuted this case.

Updated June 30, 2023

Reedsburg Attorney Pleads Guilty to Embezzling Over \$1.64 Million from Client's Trust Accounts

Wednesday, June 14, 2023

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For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – Timothy M. O’Shea, United States Attorney for the Western District of Wisconsin, announced that Kristin Lein, 60, Reedsburg, Wisconsin, pleaded guilty today in District Court in Madison to wire fraud, money laundering, and filing a false tax return. Lein is a licensed attorney in Wisconsin.

At the plea hearing, Lein pleaded guilty to an information that charged her with stealing \$1,643,818 from a client’s trust accounts. According to the information, in June 2019, Lein began transferring money from several accounts belonging to the client’s trust to her own personal bank account. During a telephone call on February 2, 2022, Lein and the beneficiary of the trust discussed financial matters. During the telephone call, Lein told the beneficiary that the trust balance was over \$1,800,000. However, Lein knew that the actual amount of money held in the trust was significantly less due to her embezzlement of funds. Lein continued to embezzle money from the trust accounts until the funds were depleted in September 2022.

As part of the plea agreement, Lein admitted that she used the embezzled funds to pay personal expenses, including improvements to her residence in Reedsburg and to purchase a pickup truck. Lein also admitted that she failed to report the income she obtained from the embezzlement on her 2019 personal tax return.

The maximum penalty for the wire fraud charge is 20 years in prison. The maximum penalty for the money laundering charge is 10 years in prison. The maximum penalty for filing a false tax return is three years in prison. U.S. District Judge William M. Conley scheduled the sentencing hearing for September 7, 2023, at 1:00 p.m.

The charges against Lein were a result of an investigation conducted by IRS Criminal Investigation. Assistant U.S. Attorney Aaron Wegner is handling the prosecution.

Updated June 14, 2023

Grand Jury Returns Indictments

Wednesday, May 17, 202

Texas Woman Charged with Fraud Scheme & Tax Evasion

Sarah Doherty, also known as Sarah McKibbin, 33, Azle, Texas, is charged with eleven counts of wire fraud and four counts of tax evasion as part of a scheme to defraud that occurred between November 2016 and October 2020. The indictment alleges that a business owner hired Doherty to provide services for the business, named in the indictment as Business-1, and that in 2015, Doherty formed an S-corporation, Faith Outdoor Consulting, LLC, to facilitate the relationship with the business. The indictment alleges that Doherty used her access to the financial information of the business and its owner to defraud the business of approximately \$3.43 million, and that she told the business's bookkeepers and its outside accountant that the money was spent on business expenses, when she actually used the money to pay her personal expenses.

The indictment also alleges that Doherty attempted to evade income taxes owed to the United States by submitting to the IRS a false and fraudulent Form 1040 for calendar years 2017, 2018, 2019 and 2020, and by submitting a false and fraudulent Form 1120-S for Faith Outdoor Consulting, LLC, for calendar years 2017, 2018, and 2019. The indictment alleges that these tax forms substantially understated her gross income and concealed gross income by disguising it as business expenses for Business-1.

If convicted, Doherty faces a maximum penalty of 20 years in federal prison on each wire fraud count, and 5 years in prison on each tax evasion count. The charges against her are the result of an investigation by IRS Criminal Investigation, the Federal Bureau of Investigation, Fall River Police Department, and Columbia County Sheriff's Office. Assistant U.S. Attorney Aaron Wegner is handling the prosecution.

Grand Jury Returns Indictments

Wednesday, March 15, 2023

Man Charged with Conspiring to Launder Proceeds of Fraud Scheme

Paul Williams Anti, 59, a citizen of Ghana, is charged with conspiring with unknown others to launder the proceeds of a wire fraud scheme. The indictment alleges that from October 13, 2020 to October 20, 2020, the fraud perpetrators used false pretenses to cause an employee of Organization A in the Western District of Wisconsin to wire transfer the organization's funds to the conspirators, including Williams Anti.

The indictment alleges that the conspirators gained unauthorized access to the work email account of an employee of Organization A, and without the employee's knowledge, obtained copies of incoming emails containing genuine invoices sent to the organization for payment and altered the invoices to increase the amounts due and change where payment was to be directed. The indictment further alleges that the fraud perpetrators sent emails containing the altered invoices to a second employee for payment, and the second employee directed the organization's bank to wire funds to bank accounts, including two controlled by Williams Anti, who then transferred some of the fraud proceeds to other accounts he maintained under false identities.

According to the indictment, of the approximately \$2.4 million fraudulently obtained from Organization A, approximately \$1 million was wired to the two bank accounts controlled by Williams Anti.

Williams Anti was arrested in the Southern District of New York on Monday, March 13. A date for his initial appearance in Wisconsin has not been set.

If convicted, Williams Anti faces a maximum penalty of 20 years in federal prison. The charge against him is the result of an investigation by Homeland Security Investigations and the Federal Bureau of Investigation. Assistant U.S. Attorney Meredith Duchemin is handling the prosecution.

Two Charged with Defrauding Tribal Housing Authority

In related cases charged in separate indictments, two individuals have been charged with engaging in fraud schemes to defraud the St. Croix Chippewa Housing Authority, a

tribal agency of the St. Croix Chippewa Indians of Wisconsin. The first indictment charges Karen Johnson, 55, Cumberland, Wisconsin, with three counts of wire fraud, theft from a federally funded organization, and aggravated identity theft. This indictment alleges that from November 2018 to June 2019, Johnson, while employed as a housing specialist with the St. Croix Chippewa Housing Authority, created false invoices and vouchers for work allegedly done by Individual A on behalf of the Housing Authority and then wrote checks payable to Individual A from the Housing Authority's bank account. The indictment further alleges that Johnson endorsed each check by forging the signature of Individual A and deposited the proceeds into her personal bank account. According to the indictment, Individual A did not perform the work for the Housing Authority or create the invoices and he was unaware his identity was used in this manner. The wire fraud charges involve three Housing Authority checks totaling \$12,700.

The second indictment charges Duane Emery, 64, Hertel, Wisconsin, with three counts of wire fraud and one count of theft from a federally funded program. The indictment alleges that from February 2015 to June 2019, Emery, while employed as the housing director for the Housing Authority, requested a fellow employee to write checks drawn on the Housing Authority account payable to Sears, claiming that the checks constituted reimbursement for his expenses related to his employment with the Housing Authority. The indictment alleges that Emery used the funds to make payments to his personal Sears credit card account. The wire fraud charges involved three Housing Authority checks totaling \$6,600.

If convicted, Johnson and Emery face a maximum penalty of 20 years in federal prison on each wire fraud count and 10 years on the theft from a federally funded program count. The aggravated identity theft count Johnson is charged with carries a mandatory two-year penalty. The charges against Johnson and Emery are the result of an investigation by the U.S. Department of Housing and Urban Development's Office of Inspector General with the full support and cooperation of the St. Croix Tribe. Assistant U.S. Attorney Taylor Kraus is handling the prosecutions.

Amery Woman Sentenced to 18 Months for Stealing More Than

\$500,000 from Special Needs Trust

Thursday, February 16, 2023

Share

For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – Timothy M. O’Shea, United States Attorney for the Western District of Wisconsin, announced that Sarah Anne Tischer, 43, Amery, Wisconsin was sentenced yesterday by Chief U.S. District Judge James D. Peterson to 18 months in federal prison for wire fraud. Tischer’s term of imprisonment is to be followed by a three-year period of supervised release. Judge Peterson also ordered Tischer to pay \$526,416 in restitution. Tischer pleaded guilty to four counts of wire fraud on November 4, 2022.

In June 2017, Tischer established a special needs trust for a beneficiary who suffered from severe medical and developmental disabilities. As trustee, Tischer had full discretion to make payments from the trust on behalf of the beneficiary. Tischer regularly withdrew money from the investment account and deposited the funds into various bank accounts. Once in these accounts, Tischer spent the money and documented the expenditures in the trust’s ledger.

In January 2020, bank employees notified the Polk County Human Services Department that someone was spending money from the special needs trust at a casino in Turtle Lake, Wisconsin. Based on this complaint, Polk County officials held an injunction hearing that resulted in Tischer being removed as trustee.

Following this hearing, the FBI opened a criminal investigation and examined the trust’s financial records. At the end of the review, an FBI forensic accountant determined that Tischer fraudulently withdrew \$526,413 from the special needs trust and spent the money at casinos, on personal items, and on home improvement projects. Tischer also forged numerous ledger entries in an effort avoid detection.

In sentencing Tischer, Judge Peterson pointed out the particularly horrible nature of Tischer’s crimes. Judge Peterson specifically noted the long-term pattern of Tischer’s wrongdoing, as well as the lasting financial impact Tischer’s actions had on the trust’s beneficiary.

The charges against Tischer were the result of an investigation conducted by the Federal Bureau of Investigation. Assistant U.S. Attorney Chadwick M. Elgersma prosecuted this case.

Updated February 16, 2023

Amery Woman Sentenced to 18 Months for Stealing More Than \$500,000 from Special Needs Trust

Thursday, February 16, 2023

Share

For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

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The charges against Tischer were the result of an investigation conducted by the Federal Bureau of Investigation. Assistant U.S. Attorney Chadwick M. Elgersma prosecuted this case.

Updated February 16, 2023

New Jersey Man & Company Operating Nursing Homes and Assisted Living Facilities in Wisconsin Charged with Health Care Fraud

Thursday, February 2, 2023

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For Immediate Release

U.S. Attorney's Office, Western District of Wisconsin

MADISON, WIS. – A federal grand jury in the Western District of Wisconsin returned an indictment yesterday charging Kevin Breslin, 56, Hoboken, New Jersey, and KBWB Operations, LLC, doing business as Atrium Health and Senior Living (Atrium), in Park

Ridge, New Jersey, with a scheme to defraud Medicare and Medicaid in connection with the delivery of or payment for health care benefits, items, or services.

The indictment alleges that the scheme operated from January 2015 to September 2018. The indictment charges the defendants with health care fraud, six counts of wire fraud, three counts of mail fraud, conspiracy to commit tax fraud, and conspiracy to commit money laundering.

According to the indictment, Breslin was the Chief Executive Officer of Atrium, which operated 24 skilled nursing facilities and nine assisted living facilities in Wisconsin and Michigan. These facilities included:

1. Atrium Post Acute Care of Appleton, Wisconsin;
2. Atrium Post Acute Care of Black River Falls, Wisconsin;
3. Atrium Post Acute Care of Bloomer, Wisconsin;
4. Atrium Post Acute Care of Chetek, Wisconsin;
5. Atrium Post Acute Care of Chilton, Wisconsin;
6. Atrium Post Acute Care of Ellsworth, Wisconsin;
7. Atrium Post Acute Care of Kewaunee, Wisconsin;
8. Atrium Post Acute Care of Lancaster, Wisconsin;
9. Atrium Post Acute Care of Little Chute, Wisconsin;
10. Atrium Post Acute Care of Marshfield, Wisconsin;
11. Atrium Post Acute Care of Menominee, Michigan;
12. Atrium Post Acute Care of Mineral Point, Wisconsin;
13. Atrium Post Acute Care of Neenah, Wisconsin;
14. Atrium Post Acute Care of New Holstein, Wisconsin;
15. Atrium Post Acute Care of Oconto Falls, Wisconsin;

16. Atrium Post Acute Care of Plymouth, Wisconsin;
17. Atrium Post Acute Care of Shawano, Wisconsin, at Birch Hill,
18. Atrium Post Acute Care of Shawano, Wisconsin, at Evergreen,
19. Atrium Post Acute Care of Shawano, Wisconsin, at Maple Lane,
20. Atrium Post Acute Care of Stevens Point, Wisconsin;
21. Atrium Post Acute Care of Two Rivers, Wisconsin;
22. Atrium Post Acute Care of Weston, Wisconsin;
23. Atrium Post Acute Care of Williams Bay, Wisconsin; and
24. Atrium Post Acute Care of Wisconsin Rapids, Wisconsin.

The indictment alleges that from January 2015 through September 2018, Atrium billed Medicare for over \$189,000,000 and received over \$49,000,000 and that they billed Medicaid for over \$218,000,000 and received over \$93,000,000. The indictment alleges that when the defendants obtained money from Medicare and Medicaid, they certified that they would follow all required quality of care standards, but they did not do so, and that they would operate their facilities with adequate staffing, supplies, and services, but they did not do so.

The indictment alleges that as part of the scheme to defraud, Breslin and Atrium diverted funds from the Wisconsin facilities through guaranteed payments to Atrium owners, guaranteed monthly return-on-investment payments to investors that were financing the construction of skilled nursing facilities in New Jersey, and construction costs for the New Jersey facilities. The indictment further alleges that the diversion of funds caused inadequate care of residents, including a shortage of clean diapers, inadequate wound care supplies, inadequate cleaning supplies, and a lack of durable medical equipment and respiratory supplies. In addition, the diversion of funds caused non-payment to vendors, which caused numerous services to be cut off, including physical therapy for residents, fire alarm monitoring services, phone and internet services preventing staff from obtaining prescription orders and accessing electronic medical records systems, and necessary repairs and maintenance of the physical plant facilities.

In addition, the indictment alleges that Breslin and Atrium withheld insurance premiums from employees' paychecks but failed to pay those monies over to the third-party administrator for use in paying health claims, causing payment of employees' health claims to be stopped. The indictment further alleges that the defendants withheld 401(k) retirement savings account contributions from employees' paychecks but failed to pay those monies over to the third-party pension administrator.

The indictment also alleges that Breslin and Atrium evaded payment to the Wisconsin Department of Revenue and the Internal Revenue Service of state and federal income taxes and employment taxes withheld from employees' paychecks.

If convicted, Breslin and Atrium face penalties of five years in federal prison on the conspiracy to commit tax fraud charge, and 20 years on each health care fraud, wire fraud, mail fraud, and conspiracy to commit money laundering charge. The conspiracy to commit tax fraud charge and each of the health care, wire and mail fraud charges carry a \$250,000 fine; the money laundering charge carries a \$500,000 fine.

Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division and U.S. Attorney Timothy M. O'Shea for the Western District of Wisconsin made the announcement.

The charges against Breslin and Atrium are the result of an investigation by the U.S. Department of Health and Human Services, Office of Inspector General; IRS Criminal Investigation; the U.S. Department of Labor, Employee Benefits Security Administration; the Wisconsin Department of Justice, Medicare Fraud Control and Elder Abuse Unit; and the Federal Bureau of Investigation. Assistant U.S. Attorney Daniel Graber and Trial Attorney Karla-Dee Clark of the Consumer Protection Branch of the Justice Department's Civil Division are handling the prosecution.

An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Updated February 2, 2023

Sioux Falls Man Charged with Wire Fraud and Money Laundering

Friday, September 29, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIoux FALLS - United States Attorney Alison J. Ramsdell announced that a federal grand jury has indicted a Sioux Falls, South Dakota, man for Wire Fraud and Money Laundering (Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity.)

Richard Kamolvathin, a/k/a Danuj Richard Kamolvathin, d/b/a Zolvent Pro, LLC, age 57, was indicted in August of 2023. He appeared before U.S. Magistrate Judge Veronica L. Duffy on September 12, 2023, and pleaded not guilty to the Indictment.

The maximum penalty upon conviction is up to 20 years in federal prison and/or a \$250,000 fine, three years of supervised release, and up to \$300 to the Federal Crime Victims Fund. Restitution may also be ordered.

The Indictment alleges that beginning on or about October 13, 2020, and continuing through June 30, 2021, Kamolvathin knowingly devised a scheme to defraud where he fraudulently submitted two applications to the South Dakota Bureau of Finance and Management for Small Business Start-Up Grants for his business, Zolvent Pro, LLC. Kalmovathin's grant applications and supporting documentation contained false statements, including the date of the registration of the business and the claimed business expenses. As the result, Kamolvathin received two grants: one for \$350,000 and one for \$13,800. Kamolvathin then used the funds for his own purposes, including the purchase of a luxury watch for \$26,710.19.

The charges are merely accusations and Kamolvathin is presumed innocent until and unless proven guilty.

The investigation is being conducted by the U.S. Department of the Treasury, Office of Inspector General, Office of Investigations. Assistant U.S. Attorney Ann M. Hoffman is prosecuting the case.

Kamolvathin was released on bond pending trial which has been set for February 20, 2024.

Updated September 29, 2023

Two Sioux Falls Men Sentenced to Nearly 12 Years and Four Years, Respectively, in Federal Prison for Roles in Fraud and Money Laundering Schemes

Sunday, June 18, 2023

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For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced that U.S. District Judge Karen E. Schreier has sentenced two men from Sioux Falls, South Dakota, each convicted of Conspiracy to Launder Monetary Instruments. The sentencings took place on June 12 and 15, 2023, in Sioux Falls, South Dakota.

Antyon Hamilton Hogan, age 25, was sentenced to 11 years and eight months in federal prison, followed by three years of supervised release. He was ordered to pay \$563,127.06 in restitution, to forfeit his interest in money and personal property, as well as to pay \$100 a statutorily required special assessment to the Federal Crime Victims Fund.

Cameron Terrill Hardiman, age 43, was sentenced to four years in federal prison, followed by three years of supervised release. He was ordered to pay \$563,127.06 in restitution, to

forfeit his interest in money and personal property, as well as to pay \$100 a statutorily required special assessment to the Federal Crime Victims Fund.

Four co-defendants were previously sentenced in this case:

- Marvin Antuan Williams, age 32, was sentenced to nine years in federal prison;
- Keyvon Hamilton Hogan, age 22, was sentenced to two years in federal prison;
- Emilio Herrera, age 22, was sentenced to two years of probation; and
- Giovanni Hamilton Hogan, age 23, was sentenced to two years of probation.

In announcing these sentences U.S. Attorney Ramsdell stated, "This office will continue to pursue justice on behalf of the multiple individuals and financial institutions adversely impacted by these crimes. The sentences handed down in this case demonstrate the serious nature of these crimes and are a reflection of the hard work and cooperation of our state and federal law enforcement partners."

"The sentencings and judgments imposed today against Mr. Hogan and his co-conspirators demonstrate that individuals who engage in these types of financial crime will be held accountable," said Jamie Holt, Homeland Security Investigations St. Paul Special Agent in Charge. "The hours spent by agents to ensure a successful prosecution is a testament that HSI and our law enforcement partners are closely investigating criminal schemes for illicit financial gain."

"Mr. Hogan and his co-conspirators engaged in a variety of financial crimes that included stealing checks from mailboxes and bank accounts," said IRS Criminal Investigation Special Agent in Charge Thomas F. Murdock, St. Louis Field Office. "The diligent pursuit of this group of thieves by IRS-CI and our law enforcement partners disrupted the scheme and brought them to justice."

All six co-defendants were indicted for Conspiracy to Commit Bank Fraud and Conspiracy to Launder Monetary Instruments by a federal grand jury in April of 2022. According to court documents, from 2020 to April of 2022, Antyon Hamilton Hogan, Hardiman, their four co-defendants, conspired with others to commit bank fraud. The scheme impacted multiple financial institutions throughout the Sioux Falls area and elsewhere, as the defendants obtained money from those banks by means of false or fraudulent pretenses, representations, and promises.

After obtaining funds through fraud, the co-conspirators engaged in depositing, transferring, wiring, and withdrawing currency and funds at financial institutions to conceal and disguise the proceeds of the fraud scheme.

This case was investigated by the Internal Revenue Service Criminal Investigation; Department of Homeland Security, Homeland Security Investigations; U.S. Customs and Border Protection; Sioux Falls Police Department; U.S. Postal Service; and South Dakota Highway Patrol. Assistant U.S. Attorney Jeremy R. Jehangiri prosecuted the case.

Antyon Hamilton Hogan and Hardiman were remanded to the custody of the U.S. Marshals Service to continue serving their respective terms of imprisonment.

Updated June 18, 2023

Indiana Man Charged in Federal Court with Wire Fraud and Money Laundering Conspiracies

Thursday, June 15, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced today that a man from Lebanon, Indiana, has been indicted by a federal grand jury for Conspiracy to Commit Wire Fraud and Conspiracy to Launder Monetary Instruments.

Evan Frederick Light, age 20, was indicted on May 2, 2023. He made his initial appearance before U.S. Magistrate Judge Veronica L. Duffy on June 12, 2023, and pleaded not guilty to the Indictment.

The maximum penalty upon conviction for each charge is up to 20 years in custody, and/or a \$500,000 fine, three years of supervised release, and \$100 to the Federal Crime Victims Fund. Restitution and forfeiture may also be ordered.

According to the Indictment, in 2021 and continuing until May of 2023, Light conspired and agreed with others to defraud and to obtain money and property from others by

means of false and fraudulent pretenses, representations, and promises. After obtaining funds through fraud, Light and others engaged in transactions with virtual currencies and electronic payments. These transactions were designed to conceal and disguise the nature, location, source, ownership, and control of the fraud proceeds.

The charges are merely accusations and Light is presumed innocent until and unless proven guilty.

The investigation is being conducted by the FBI. Assistant U.S. Attorney Jeremy R. Jehangiri is prosecuting the case.

Light was remanded to the custody of the U.S. Marshals Service pending further proceedings and trial. A trial date has been set for August 15, 2023.

Updated June 15, 2023

Sioux Falls Man Sentenced to Nearly 2 Years in Federal Prison for Role in Fraud & Money Laundering Schemes

Sunday, May 28, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced today that U.S. District Judge Karen E. Schreier sentenced a Sioux Falls, South Dakota, man, convicted of Conspiracy to Launder Monetary Instruments. The sentencing took place on May 17, 2023, in Sioux Falls, South Dakota.

Keyvon Hamilton Hogan, age 23, was sentenced to 23 months in federal prison, followed by three years of supervised release. He was ordered to pay \$563,127.06 in restitution, to forfeit his interest in money and personal property, as well as to pay \$100 a statutorily required special assessment to the Federal Crime Victims Fund.

Hogan was indicted for Conspiracy to Commit Bank Fraud and Conspiracy to Launder Monetary Instruments by a federal grand jury in April 2022. He pleaded guilty to Conspiracy to Launder Monetary Instruments on November 9, 2022.

According to court documents, from 2020 to April 2022, Hogan, along with his co-defendants, conspired with others to commit bank fraud. The scheme impacted multiple financial institutions and individuals throughout the Sioux Falls area and elsewhere, as the defendants obtained money from those banks by means of false or fraudulent pretenses, representations, and promises. After obtaining funds through fraud, Hogan and his co-conspirators engaged in depositing, transferring, wiring, and withdrawing currency and electronic funds at financial institutions to conceal and disguise the proceeds of the fraud scheme.

This case was investigated by the Internal Revenue Service Criminal Investigation; Department of Homeland Security, Homeland Security Investigations; Sioux Falls Police Department; U.S. Postal Service; and South Dakota Highway Patrol. Assistant U.S. Attorney Jeremy R. Jehangiri prosecuted the case.

Hogan was remanded to the custody of the U.S. Marshals Service to continue serving his sentence.

Updated May 28, 2023

Alcester Woman Charged with Wire Fraud

Saturday, May 20, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced that a federal grand jury has indicted an Alcester, South Dakota, woman for ten counts of Wire Fraud.

Michelle Warner, age 56, was indicted in May of 2023. She appeared before U.S. Magistrate Judge Veronica L. Duffy on May 18, 2023, and pleaded not guilty to the Indictment.

The maximum penalty upon conviction is up to 20 years in federal prison and/or a \$250,000 fine, three years of supervised release, and up to \$1,000 to the Federal Crime Victims Fund. Restitution may also be ordered.

The Indictment alleges that beginning on or about June 1, 2018, and continuing through May 17, 2022, Warner, who was employed as a bookkeeper/accountant, and later as a business administrator, devised and intended to devise a scheme and artifice to defraud and obtain money and property from others by means of false and fraudulent pretenses, representations, and promises.

The Indictment alleges that Warner, in her capacity as bookkeeper/accountant and business administrator, falsely and fraudulently paid herself additional and unauthorized payroll payments and then used the funds for her own purposes. Warner also caused her employer to remit payroll tax to the Internal Revenue Service on her behalf. Such funds purportedly came from withholding from Warner's payroll check, when in fact, as Warner then and there knew, she did not actually withhold those funds from her payroll check. Additionally, Warner used her employer's credit card without authority for her own personal use.

The charges are merely accusations and Warner is presumed innocent until and unless proven guilty.

The investigation is being conducted by the FBI, U.S. Attorney's Office, Union County Sheriff's Office, and the South Sioux City (NE) Police Department. Assistant U.S. Attorney Ann M. Hoffman is prosecuting the case.

Warner was released on bond pending trial. A trial date has not been set.

Updated May 20, 2023

Sioux Falls Man Sentenced to Nine Years in Federal Prison for Role in Fraud & Money Laundering Schemes

Tuesday, March 14, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced today that U.S. District Judge Karen E. Schreier has sentenced a Sioux Falls, South Dakota, man, convicted of Conspiracy to Launder Monetary Instruments. The sentencing took place on March 13, 2023, in Sioux Falls.

Marvin Antuan Williams, age 32, was sentenced to nine years in federal prison, followed by three years of supervised release. He was ordered to pay \$584,250.24 in restitution, to forfeit his interest in money and personal property, as well as to pay a \$100 statutorily required special assessment to the Federal Crime Victims Fund.

Williams was indicted for Conspiracy to Commit Bank Fraud and Conspiracy to Launder Monetary Instruments by a federal grand jury in April of 2022. He pleaded guilty to Conspiracy to Launder Monetary Instruments on November 9, 2022.

According to court documents, from 2020 to April 2022, Williams, along with his co-defendants, conspired with others to commit bank fraud. The scheme impacted multiple financial institutions throughout the Sioux Falls area and elsewhere, as the defendants obtained money from those banks by means of false or fraudulent pretenses, representations, and promises.

After obtaining funds through fraud, Williams and his co-conspirators engaged in depositing, transferring, wiring, and withdrawing currency and funds at financial institutions to conceal and disguise the proceeds of the fraud scheme.

This case was investigated by IRS Criminal Investigation; Homeland Security Investigations; Sioux Falls Police Department; U.S. Postal Service; and the South Dakota Highway Patrol. Assistant U.S. Attorney Jeremy R. Jehangiri prosecuted the case.

Williams was remanded to the custody of the U.S. Marshals Service to continue serving his sentence.

Updated March 14, 2023

Spearfish Woman Indicted for Wire Fraud

Monday, March 6, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

RAPID CITY - United States Attorney Alison J. Ramsdell announced that a federal grand jury has indicted a Spearfish, South Dakota, woman on seven counts of Wire Fraud.

Janeen Keene, 54 was indicted in January of 2023. She appeared before U.S. Magistrate Judge Daneta Wollman on March 3, 2023, and pleaded not guilty to the Indictment.

The maximum penalty upon conviction is up to 20 years in custody and/or a \$250,000 fine, three years of supervised release, and \$100 to the Federal Crime Victims Fund. Restitution may also be ordered.

Between May of 2020 and July of 2020, in Spearfish, Keene, along with others, devised a scheme to fraudulently obtain unemployment benefits.

The charge is merely an accusation and Keene is presumed innocent until and unless proven guilty.

The investigation is being conducted by the Bureau of Immigration and Customs Enforcement, Office of Inspector General. Assistant U.S. Attorney Benjamin Patterson is prosecuting the case.

Keene was detained pending trial. A trial date has not been set.

Updated March 6, 2023

Former Oglala Sioux Tribe President Indicted for Wire Fraud and Embezzlement

Monday, February 27, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

RAPID CITY - United States Attorney Alison J. Ramsdell announced that a federal grand jury has indicted a Pine Ridge, South Dakota, man on six counts of Wire Fraud, one count of Larceny, and one count of Embezzlement and Theft from an Indian Tribal Organization.

Julian Bear Runner, age 37, was indicted in September of 2022. He appeared before U.S. Magistrate Judge Daneta Wollman on February 24, 2023, and pleaded not guilty to the Indictment.

The maximum penalty upon conviction is up to 20 years in custody and/or a \$250,000 fine, three years of supervised release, and \$100 to the Federal Crime Victims Fund. Restitution may also be ordered.

Between 2019 and 2020, at Pine Ridge, Bear Runner, while acting in his capacity as President of the Oglala Sioux Tribe, fraudulently submitted travel vouchers for official business travel and received payment for travel that he did not take.

The charges are merely accusations and Bear Runner is presumed innocent until and unless proven guilty.

The investigation is being conducted by Health and Human Services, Office of Inspector General, and the FBI. Assistant U.S. Attorney Benjamin Patterson is prosecuting the case. Bear Runner was remanded to the custody of the US Marshals Service pending trial. A trial date has been scheduled for May 2, 2023.

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Updated February 27, 2023

Tabor Man Sentenced to Federal Prison for Embezzling from Two Catholic Parishes

Wednesday, January 18, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

SIOUX FALLS - United States Attorney Alison J. Ramsdell announced today that U.S. District Judge Karen E. Schreier has sentenced a Tabor, South Dakota, man convicted of Wire Fraud. The sentencing took place on January 17, 2023, in Sioux Falls, South Dakota.

Steven Joseph Bares, age 53, was sentenced to 21 months in federal prison, followed by two years of supervised release. He was ordered to pay \$287,457.37 in restitution and ordered to pay a \$100 special assessment to the Federal Crime Victims Fund.

According to court documents, Bares willfully and unlawfully devised a scheme to defraud and obtain money and property from two parishes by false and fraudulent pretenses, representations, and promises. Saint Wenceslaus Parish in Tabor, South Dakota, and Saint John the Baptist Parish in Lesterville, South Dakota, are two small Catholic parishes located in rural South Dakota towns. The churches shared a single priest. The only administrative staff at the churches was Bares, who primarily worked as the bookkeeper. In that capacity, Bares wrote checks to pay bills and entered checks in the general ledgers.

In May of 2021, the Sioux Falls Catholic Diocese, on behalf of the above-named parishes, hired an accounting firm to conduct a forensic audit. The audit uncovered multiple checks made out to companies belonging to Bares that did not correspond to any service or equipment purchased from those companies. Furthermore, these checks were neither entered in the general ledger nor entered as a legitimate expense.

Between January of 2013 and March of 2020, Bares embezzled money from the two parishes, totaling \$324,001.37. The investigation confirmed that the checks identified in the audit report were deposited into accounts held by Bares.

This case was investigated by the South Dakota Division of Criminal Investigation and the FBI. Assistant U.S. Attorney Jeremy R. Jehangiri prosecuted the case.

Bares was ordered to self-surrender to the custody of the U.S. Marshals Service on February 13, 2023.

Updated January 18, 2023

Public Official Sentenced to 70 Months in Federal Prison

Thursday, October 7, 2021

Share

For Immediate Release

U.S. Attorney's Office, District of South Dakota

Defendant Prosecuted as Part of The Guardians Project, a Federal Law Enforcement Initiative to Combat Corruption, Fraud, and Abuse in South Dakota

Acting United States Attorney Dennis R. Holmes announced that a Peever, South Dakota, man convicted for his role in a bribery scheme was sentenced on October 4, 2021 by U.S. District Judge Charles B. Kornmann.

Public official Daniel Thomas White, age 46, was sentenced to 70 months in federal prison, followed by three years of supervised release. He was also ordered to pay \$23,000 in restitution and \$100 to the Federal Crime Victims Fund.

According to court documents, the Dakota Nations Development Corporation ("DNDC") was an agency of the Sisseton-Wahpeton Oyate Sioux Tribe, a tribal government that received federal assistance in excess of \$10,000 during the one-year period between October 1, 2017, and September 30, 2018. At that time, White served as the Director of the DNDC. White's duties included, among other things, overseeing housing and construction projects of the DNDC.

DNDC established an entity called the SWO Elderly Village Limited Partnership. The purpose of the entity was to obtain tax credit financing to build an elderly village complex on tribal land. On April 22, 2016, SWO's tribal council passed a resolution, committing nearly \$3,000,000 to the project.

On October 27, 2017, DNDC contracted with Tatanka Contracting to do the earthwork associated with the elderly village project. The contract was for a guaranteed price of \$1,070,740, although a change order increased the total of the contract to \$1,129,679.

To secure the dirt work contract, owners of Tatanka bribed White and White accepted the agreed amount of \$30,000 as the bribe or kickback. Specifically, in November 2017, White did corruptly solicit, demand, agree, and agree to accept a thing of value from a person or persons working for and on behalf of Tatanka Contracting, intending to be influenced and rewarded in connection with a transaction and series of transactions of the DNDC.

White pleaded guilty to his role in the bribery scheme on August 24, 2020. He was ordered to self-report to the U.S. Marshal's Service or Bureau of Prisons to begin serving his term of imprisonment at a date to be determined.

The investigation is being conducted by the U.S. Attorney's Office and the Federal Bureau of Investigation. Assistant U.S. Attorney Jeremy R. Jehangiri prosecuted the case.

The case was brought pursuant to The Guardians Project, a federal law enforcement initiative to coordinate efforts between participating agencies, to promote citizen disclosure of public corruption, fraud, and embezzlement involving federal program funds, contracts, and grants, and to hold accountable those who are responsible for adversely affecting those living in South Dakota's Indian country communities. The Guardians Project is another step of federal law enforcement's on-going efforts to increase engagement, coordination, and positive action on behalf of tribal communities. Led by the U.S. Attorney's Office, the participating agencies include: Federal Bureau of Investigation; the Offices of Inspector General for the Departments of Interior, Health and Human Services, Social Security Administration, Agriculture, Transportation, Education, Justice, and Housing and Urban Development; Internal Revenue Service, Criminal Investigation Division; U.S. Postal Inspector Service; U.S. Postal Service, Office of Inspector General.

For additional information about The Guardians Project, please contact the U.S. Attorney's Office at (605) 330-4400. To report a suspected crime, please contact law enforcement at the federal agency's locally listed telephone number.

Updated October 7, 2021

North Dakota US Attorney 2023 Cases

Former Tribal Official Sentenced for Bribery Scheme

Tuesday, May 16, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of North Dakota

A former Tribal government official of the Three Affiliated Tribes of the Mandan, Hidatsa, and Arikara Nation (MHA Nation) was sentenced yesterday to five years in prison for soliciting and accepting bribes and kickbacks from a contractor providing construction services on the Fort Berthold Indian Reservation in North Dakota, which is the home of the MHA Nation.

According to court documents, Randall Judge Phelan, 58, of Mandaree, North Dakota, was an elected representative on the Tribal Business Council – the governing body of the MHA Nation – from 2013 to 2020. Beginning around 2013 and continuing through 2020, Phelan solicited and accepted bribes and kickbacks totaling more than \$645,000 from a contractor operating on the Fort Berthold Indian Reservation. In exchange for payments, Phelan used his official position to help the contractor's business, including by awarding millions of dollars in contracts, fabricating bids during purportedly competitive bidding processes, advocating for the contractor with other Tribal officials, and facilitating the submission and payment of fraudulent invoices.

In October 2022, Phelan pleaded guilty to conspiracy to commit bribery concerning programs receiving federal funds, honest services wire fraud, and bribery concerning programs receiving federal funds.

Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division, U.S. Attorney Mac Schneider for the District of North Dakota, and Assistant Director Luis Quesada of the FBI's Criminal Investigative Division made the announcement.

The FBI Minnesota Field Office investigated the case.

Trial Attorneys Andrew Tyler and John J. Liolos of the Criminal Division's Fraud Section and Assistant U.S. Attorney Matthew Greenley for the District of North Dakota prosecuted the case.

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23-558

Contact

CRM 202-514-2007 TTY 866-544-5309

Updated May 16, 2023

Montana Woman Sentenced to Federal Prison for Stealing \$134,000 from Her Elderly Mother-in-law and Father-in-law

Thursday, April 13, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of North Dakota

BISMARCK – United States Attorney Mac Schneider announced that on April 13, 2023, U.S. District Court Judge Daniel L. Hovland sentenced Carol Ann Feist, age 57, from Whitehall, Montana, to serve 65 months in federal prison, 3 years of supervised release, and payment of \$134,000.00 in restitution after she pleaded guilty for committing Bank Fraud and Aggravated Identity Theft against her elderly mother-in-law and father-in-law. As part of this sentence, Judge Hovland imposed a \$134,000.00 money judgment against Feist.

On October 26, 2021, Feist called a customer service representative at a US Bank, located in Bismarck, North Dakota, and pretended to be her elderly mother-in-law. Feist fraudulently provided US Bank Representatives with her mother-in-law's personal identifying information and deceitfully initiated a \$134,000.00 wire transfer from her mother-in-law and father-in-law's US Bank checking account to a title company located in Helena, Montana. The \$134,000.00 transaction represented the life savings of Feist's mother-in-law and father-in-law, and Feist initiated this wire transfer without her mother-in-law or father-in-law's knowledge or permission. Thereafter, Feist utilized the \$134,000.00 wire transfer as a down payment on a home she purchased in Whitehall, Montana.

Prior to Feist stealing \$134,000 from her mother-in-law, she also fraudulently impersonated her father-in-law by listing him as a co-borrower on the Whitehall, Montana property. Specifically, during the purchase of the property, Feist presented real estate closing documents which contained both her father-in-law's forged signature and a fraudulent State of North Dakota notary stamp. Feist conducted the transactions without her father-in-law's knowledge or permission. During the timeframe of Feist's criminal actions, her father-in-law was in hospice care and has since passed away.

"Financial abuse of the elderly is a serious crime," Schneider said. "Whether it is foreign-based scammers or a family member, federal law sets forth serious penalties for those who defraud senior citizens. Today's strong sentence is a credit to our career prosecutors and partners in law enforcement."

This case was investigated by the Federal Bureau of Investigation, the Bismarck Police Department, and the Jefferson County (Montana) Sheriff's Office. Assistant U.S. Attorney Jonathan J. O'Konek prosecuted this case.

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Contact

Terry W. Van Horn 701-297-7458 terry.vanhorn@usdoj.gov

Updated April 14, 2023

NIGERIAN MAN SENTENCED FOR MAIL FRAUD AGAINST A

DICKINSON, NORTH DAKOTA COMPANY

Thursday, February 23, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of North Dakota

BISMARCK – United States Attorney Mac Schneider announced that on February 23, 2023, U.S. District Court Judge Daniel M. Traynor sentenced Kolawole Bamidele Akande, age 37, from Nigeria, to serve 30 months in federal prison and ordered to pay \$348,000 in restitution for committing the offense of Mail Fraud against a company located in Dickinson, North Dakota. On September 5, 2021, the defendant was arrested in the United Kingdom on this charge. Thereafter, on April 9, 2022, Akande was extradited from the United Kingdom to the District of North Dakota. On November 8, 2022, the defendant pleaded guilty to Mail Fraud.

While living in Dallas, Texas, Akande, as well as other codefendants, fraudulently obtained checks from a Dickinson, North Dakota, company through the mail and deposited these checks in fraudulent accounts at financial institutions located within the State of Texas. The Dickinson company was the victim of a computer intrusion scam that tricked the company's controller into issuing checks totaling \$348,000, which were deposited by Akande and codefendant Olawale Sule. This computer intrusion scheme caused the Dickinson company to sustain a loss of \$298,000.

As part of this scheme to defraud, in November 2018, Akande used a fraudulent United Kingdom passport containing the fictitious name "Patric Elis Ferguson" to open a bank account at a Dallas, Texas, branch of Bank of America. On March 27, 2019, the controller of the Dickinson company received emails appearing to come from the company's principal owners. The emails instructed the controller to mail a \$192,000 check to an address in Dallas, Texas, payable to "Patel Retail and Logistics." The controller sent, via overnight United Parcel Service (UPS) mail, the \$192,000 check to the Dallas, Texas, address requested in the email. On March 28, 2019, Akande deposited the \$192,000 check made payable to "Patel Retail and Logistics" into the Bank of America account that he had opened utilizing the fictitious name of "Patric Elis Ferguson." Shortly thereafter, Akande either withdrew or transferred the funds to conceal and disguise their nature, location, source, and ownership.

Law enforcement conducted an investigation, which revealed that the Dickinson company was a victim of computer intrusion. Specifically, an unknown individual obtained access to the company's principal owners' Outlook 365 email accounts and sent the emails to the company's controller directing the controller to mail the check to "Patel Retail and Logistics."

The United States District Court for the District of North Dakota previously sentenced:

- Co-Defendant Olawale Sule a/k/a Brand King Mohammed, a/k/a John Thomas, on February 17, 2021, to serve two years' imprisonment and payment of restitution on a charge of Conspiracy to Commit Bank Fraud.
- Co-Defendant Oluwafemi Elijah Olasode, on September 7, 2021, to time served imprisonment and payment of restitution on a charge of Misprision of Felony.

"Too often, swindlers believe they can evade justice because they are behind a computer or operating internationally," Schneider said. "This sentence shows they should think again. This outcome is a credit to the skilled law enforcement investigators and prosecutors who patiently saw this case through."

Link for Prior Press Release Unsealing the Indictment and Announcing Akande's extradition from the United Kingdom to the United States are located below:

<https://www.justice.gov/usao-nd/pr/federal-grand-jury-indicts-nigerian-nationals-multiple-fraud-schemes-against-dickinson-nd>

<https://www.justice.gov/usao-nd/pr/nigerian-man-extradited-united-states-united-kingdom-face-multiple-fraud-and-money>

This case was investigated by the Federal Bureau of Investigation; United States Postal Inspection Service; Homeland Security Investigations; United States Attorney's Office in the Northern District and Eastern District of Texas; and by the Office of International Affairs, Department of Justice, assisting with securing the extradition.

Assistant U.S. Attorney Jonathan J. O'Konek prosecuted this case.

#####

Contact

Terry W. Van Horn 701-429-0160 terry.vanhorn@usdoj.gov

Updated February 23, 2023

Former Beulah Bank President Sentenced to Two Counts of Bank Fraud

Thursday, February 16, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of North Dakota

BISMARCK – United States Attorney Mac Schneider announced that on February 15, 2023, U.S. District Court Judge Daniel M. Traynor sentenced Brady Daniel Torgerson, age 35, from Beulah, North Dakota, to serve 24 months in federal prison, three years of supervised release, and \$200.00 special assessment. On November 4, 2022, law enforcement arrested Torgerson for these offenses and, on August 12, 2022, Torgerson pleaded guilty to two separate counts of bank fraud against financial institutions located in Beulah, North Dakota, namely, First Security Bank-West and the Union Bank.

Between 2019 and 2021, while employed at separate times as the President of First Security Bank-West and as a loan officer at the Union Bank, Torgerson conducted banking transactions, which caused harm to both these banks and the banks' individual customers. Specifically, while employed at First Security Bank-West, Torgerson funded loans without obtaining: 1) necessary financial information; 2) security interest documents; or 3) promissory notes. Additionally, Torgerson engaged in deceptive banking transactions by entering false information into the bank's computer system, increasing loans so that they exceeded the original loan amounts, and extending loan maturity dates to conceal his activities. Most notably, while employed at the Union Bank, Torgerson created fraudulent loan obligations in the amounts of \$225,487.44 and \$225,487.45 in the names of three separate individuals who neither knew about the creation of these loans nor received the funds described in these obligations.

"Bank fraud is a serious crime that harms the honest financial institutions we have in North Dakota," US Attorney Mac Schneider said. "This sentence is a credit to the skillful efforts of our career prosecutors and partners in law enforcement. It is also a reminder that there is a high price to pay for white-collar crime."

"The Federal Deposit Insurance Corporation-Office of Inspector General (FDIC-OIG) continues to investigate allegations of fraud by bank executives and others in order to preserve the integrity of the banking system," said Justin Bundy, Special Agent in Charge of the FDIC-OIG Kansas City Regional Office. "We are proud to have joined the United States Attorney's Office for the District of North Dakota, as well as our law enforcement partners in conducting this investigation."

"We are committed to investigating allegations of fraud committed against the Federal Home Loan Banks or their members, especially in cases where we find flagrant criminal conduct by officials at member banks," said Catherine Huber, Special Agent in Charge of the Federal Housing Finance Agency-Office of Inspector General's (FHFA-OIG) Central Region Office. "Thank you to the U.S. Attorney's Office for the District of North Dakota and our federal partners for helping us bring swift justice in this case."

Co-Defendants for this investigation received the following sentences:

- Brent D. Torgerson (61 years old from Beulah, ND) received a sentence of time served (1 day in custody), 1-year supervised release, \$5,000 fine, and a ban from participating in banking on a charge of Misapplication of Bank Funds
- Kelly Huffman (34 years old, from Beulah, ND) received a sentence of time served (1 day in custody), 1-year supervised release, and a \$5,000 fine on a charge of Misapplication of Bank Funds
- Tyler Steven Hofland (35 years old, Rapid City, SD) received a sentence of time served (1 day of processing), 1-year of supervised release, and \$98,163.40 in restitution on a charge of Aiding and Abetting Bank Fraud

This case was investigated by the FDIC-OIG, the FHFA-OIG, and the Federal Reserve Board-Office of Inspector General and prosecuted by Assistant U.S. Attorney Jonathan J. O'Konek.

#####

Contact

Terry W. Van Horn 701-297-7458 terry.vanhorn@usdoj.gov

Updated February 16, 2023

Montana US Attorney Cases

Florida man sentenced to prison in India-based computer hacking scheme that stole \$150,000 from elderly Kalispell woman

Tuesday, December 19, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — A Florida man who admitted his role in an India-based computer hacking scheme that stole \$150,000 from an elderly Kalispell woman was sentenced today to two years and nine months in prison and ordered to pay \$1,236,470 in restitution to seven victims, U.S. Attorney Jesse Laslovich said.

Eddly Joseph, 44, of Gainesville, Florida, pleaded guilty in August to wire fraud.

U.S. District Judge Donald W. Molloy presided. The court also imposed two years of supervised release following Joseph's prison sentence.

"Far too often, these internationally-based fraud schemes result in no accountability for those who prey on Montanans. But not this time. Due to the diligent work of the FBI, Joseph was caught and is now going to federal prison for running a predatory scheme by tricking and stealing from elderly victims across the country, including a Kalispell woman. As this case showed, we will turn over every rock to pursue these fraudsters, but the best thing Montanans can do to protect themselves is to not send money to people who randomly call soliciting money due to some kind of fake emergency, such as an alleged virus existing on your computer," U.S. Attorney Laslovich said.

The government alleged in court documents that in February, Glacier Bank notified the FBI that Jane Doe, a Montana woman in her 70s, was the victim of a scam. The international, India-based scam included fraudsters tricking Jane Doe into giving them \$150,000 for "safe-keeping." The fraudsters made it appear as if victims had a virus on

their computers and that their bank accounts were accessible to hackers. To “safekeep” the victims’ money, Joseph and others directed victims to withdraw cash and give it to them so the hackers could not access and steal the victims’ money. After learning of the scam, the FBI set up a ruse, claiming Jane Doe had an additional \$50,000 for the fraudsters. When Joseph and others arrived to collect the money, the FBI arrested them. As a result of Joseph’s and others’ conduct, victims across the United States were repeatedly scammed, with a total loss of \$1,236,470.

Assistant U.S. Attorney Ryan G. Weldon prosecuted the case. The FBI and Flathead County Sheriff’s Office conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated December 19, 2023

Great Falls bookkeeper sentenced to prison for defrauding two businesses of approximately \$500,000

Monday, December 11, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

GREAT FALLS — A Great Falls woman who admitted to defrauding two businesses of approximately \$500,000 while working as a bookkeeper to pay her personal expenses was sentenced today to 25 months in prison, to be followed by three years of supervised release, U.S. Attorney Jesse Laslovich said.

Tara Durnell, 63, pleaded guilty in July to wire fraud and to mail fraud.

Chief U.S. District Judge Brian M. Morris presided. The court also ordered \$492,309 in total restitution. Durnell was remanded into custody.

In court documents, the government alleged that beginning in at least 1997, Durnell embezzled from her employer, Kronebusch Electric, Inc., (KEI) a small company in Conrad, where she worked as a bookkeeper, to fund her personal lifestyle. Durnell used her access to pre-signed company checks and company bank accounts to pay hundreds of thousands of dollars toward personal credit card debt, personal car loan payments and debts belonging to family members. To conceal her scheme, Durnell used her access to the company's accounting software to hide her illicit transactions and make them appear like legitimate businesses expenses. In total, Durnell embezzled almost \$500,000 from KEI.

Durnell left employment with KEI when the scheme was discovered and found work as a bookkeeper with Mitchell's Crash Repair in Great Falls. In January 2022, Durnell again used her access to the business's pre-signed checks and bank accounts and to pay tens of thousands of dollars toward personal expenses. Durnell embezzled approximately \$15,491 from Mitchell's Crash Repair.

Assistant U.S. Attorney Jeffrey K. Starnes prosecuted the case. The FBI, Montana Division of Criminal Investigation and Great Falls Police Department conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated December 11, 2023

Informational: Federal Court arraignments

Friday, December 1, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

The U.S. Attorney's Office announced that the following persons were arraigned or appeared this week before U.S. Magistrate judges on indictments handed down by the Grand Jury or on criminal complaints. The charging documents are merely accusations and defendants are presumed innocent until proven guilty beyond a reasonable doubt:

Appearing in Great Falls before U.S. Magistrate Judge John T. Johnston and pleading not guilty on Nov. 28 was:

Roxanna Rae Lewis-Stella, 59, of Lewistown, on charges of wire fraud and aggravated identity theft. If convicted of the most serious crime, Lewis-Stella faces a maximum of 20 years in prison, a \$250,000 fine and three years of supervised release on the wire fraud charge and a mandatory minimum of two years in prison, consecutive to any other sentence, a \$250,000 fine and one year of supervised release on the aggravated identity theft charge. Lewis-Stella was released pending further proceedings. The FBI, Fergus County Sheriff Office and Montana Adult Protective Services conducted the investigation. **PACER case reference. 23-105.**

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated December 1, 2023

Great Falls man fined \$70,000 for scheme to defraud Medicaid

Thursday, November 9, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

GREAT FALLS — A Great Falls man who admitted to lying about his income to receive more than \$75,000 in Medicaid health care benefits was fined \$70,000 and sentenced to three years of probation today, U.S. Attorney Jesse Laslovich said.

Dustin Tempel, 39, pleaded guilty in June to health care fraud.

Chief U.S. District Judge Brian M. Morris presided. The court also ordered \$75,493 restitution.

In court documents, the government alleged that during an investigation of Temple's mother, Lynn Temple, for fraudulently inflating construction costs while building a home for a client in Great Falls, investigators learned that Tempel had underreported his income by more than \$300,000 during a five-year period. During the period of underreporting, Temple applied for Medicaid, again underrepresenting his actual income. As a result, Temple received \$75,493 from Medicaid that he was not entitled to receive from 2017 to 2020. Medicaid is a federal health care benefit program that provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women and elderly adults with disabilities. Lynn Temple, who was the finance manager for William Tempel Construction, was sentenced in April 2022 to 14 months in federal prison and ordered to pay \$415,221 restitution for conviction on wire fraud.

Assistant U.S. Attorney Ryan G. Weldon prosecuted the case. The FBI conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated November 9, 2023

Great Falls College student loan fraud scheme sends Cascade woman to prison for a year and a half

Wednesday, November 8, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

GREAT FALLS — A Cascade woman convicted of illegally receiving approximately \$126,000 in federal student aid through a scheme in which she enrolled others in courses at Great Falls College, Montana State University, was sentenced today to 18 months in prison, to be followed by three years of supervised release, U.S. Attorney Jesse Laslovich said.

Ricci Lea Castellanos, 35, pleaded guilty in March to conspiracy to commit wire fraud and to aggravated identity theft.

Chief U.S. District Judge Brian M. Morris presided. The court ordered \$68,175 restitution.

The government alleged in court documents that between January 2016 and December 2019, Castellanos enrolled unwitting family members and others in online classes at Great Falls College, Montana State University. When doing so, Castellanos, and others, applied for and received federal student aid totaling approximately \$126,219, none of which was allowed. In addition, Castellanos and others fraudulently submitted American Indian Tuition Waivers and used false tribal enrollment forms to receive student living expense refunds. Castellanos also forged the signature of a person, Jane Doe 1, to apply for enrollment with Great Falls College and received \$2,378 in financial aid into her bank

account, which she withdrew in cash. Jane Doe 1 had reported her identity stolen to the Great Falls Police Department.

Assistant U.S. Attorneys Ryan G. Weldon and Benjamin D. Hargrove prosecuted the case, which was investigated by the U.S. Department of Education, Office of Inspector General.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated November 8, 2023

Whitefish interior designer admits defrauding customers of approximately \$900,000

Tuesday, November 7, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — The owner of an interior design company in Whitefish today admitted charges in a scheme in which she defrauded customers of approximately \$900,000 and used the money for personal expenses, U.S. Attorney Jesse Laslovich said.

Jennifer Michele Helm, aka Jennifer Michele, 45, pleaded guilty to wire fraud and to aggravated identity theft. Helm faces a maximum of 20 years in prison, a \$250,000 fine and three years of supervised release on the fraud charge and a mandatory minimum of

two years in prison, consecutive to any other sentence, a \$250,000 fine and one year of supervised release for aggravated identity theft.

U.S. Magistrate Judge Kathleen L. DeSoto presided. Sentencing was set for March 14, 2024, before U.S. District Judge Dana L. Christensen. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Helm was detained pending further proceedings.

The government alleged that Helm, while doing business as Sage Interior Designs, LLC, Interior Design Services, and Jennifer Michele LLC, defrauded at least 12 customers of approximately \$900,000 from 2016 through 2023. To execute the scheme, Helm entered into agreements with customers to provide goods and services, usually by promising to order furnishing and fixtures as part of construction and remodeling projects. In some instances, Helm presented her clients with invoices for items she knew she had not ordered and that clients never received. In addition, Helm convinced two clients, a married couple, to give her their credit card number, which she was authorized to make purchases on the couple's behalf. Rather than make those purchases, Helm used the credit card and directed the proceeds of the transactions into her bank account. When interviewed by the FBI, Helm said she was responsible for any misspent funds. She also admitted she knew the money she obtained using the couple's credit card was deposited into her personal bank account, but she did not remember how many unauthorized transactions she made with the card.

Assistant U.S. Attorney Timothy J. Racicot is prosecuting the case. The FBI conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated November 7, 2023

Indian national arrested in Montana admits role in computer-hacking scheme that stole \$150,000 from Kalispell woman

Tuesday, October 17, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — An Indian national today admitted to his role in stealing \$150,000 from an elderly Montana woman through a computer-hacking scheme, U.S. Attorney Jesse Laslovich said.

Sukhdev Vaid, 24, of India, pleaded guilty to wire fraud. Vaid faces a maximum of 20 years in prison, a \$250,000 fine and three years of supervised release.

U.S. District Judge Donald W. Molloy presided. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Sentencing was set for Feb. 14, 2024. Vaid was detained pending further proceedings.

The government alleged in court documents that a large enterprise originating from India was involved in stealing money from the elderly in the United States. In February, various fraudsters stole \$150,000 from a 73-year-old woman, identified as Jane Doe, in Kalispell. The fraud occurred because of a pop-up notice that appeared on Jane Doe's computer screen. The notice explained that Jane Doe was "hacked" and for her to call a number for customer support. Jane Doe complied, and fraudsters directed her to remove cash from her bank accounts for safe keeping at the "Fed." Jane Doe complied and gave \$150,000 in cash to the fraudsters.

In March, Jane Doe told the fraudsters she still had \$50,000 in cash, which was a ruse set up by the FBI. Vaid traveled to Montana, along with co-defendant Eddy Joseph, of Gainesville, Florida, to steal the money from Jane Doe. Law enforcement arrested the pair when they arrived to collect the money. The investigation determined that the

fraudsters remotely accessed Jane Doe's computer, using UltraViewer, which they installed on her computer.

Joseph pleaded guilty in August to wire fraud and is pending sentencing.

Assistant U.S. Attorney Ryan G. Weldon is prosecuting the case. The FBI and the Flathead County Sheriff's Office conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated October 17, 2023

Utah man admits defrauding Montana employer

Monday, October 16, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

HELENA — A Utah man accused of embezzling more than \$700,000 from a Montana company admitted to charges today, U.S. Attorney Jesse Laslovich said.

Thomas Lynn Syddall, 50, of American Fork, Utah, who worked for a company owned by Anderson ZurMuehlen & Co., pleaded guilty to wire fraud and to money laundering-concealment as charged in an indictment. Syddall faces a maximum of 20 years in prison, a \$500,000 fine or twice the value of the property involved in the transaction and three years of supervised release.

Chief U.S. District Judge Brian M. Morris presided. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. The court set sentencing for March 20, 2024. Syddall was released pending further proceedings.

In court documents, the government alleged that Syddall worked as a salesman for Information Technology Corporation, which was owned by Anderson ZurMuehlen & Co. From about March 2020 to about August 2021 in Helena, Syddall embezzled money through multiple means, including creating bogus purchase orders and invoices, stealing inventory and directing payments to fictitious companies and unauthorized vendors. Syddall then sold the inventory, none of which was authorized, on eBay and KSL Classifieds. When questioned by other employees about the discrepancies in orders and payments, Syddall sent lulling emails attempting to cover up and prolong the fraud. In addition, Syddall concealed financial transactions by laundering proceeds from the wire fraud into third-party accounts. Syddall then directed the transfer of the money into accounts over which he had control. The government alleged the investigation has identified approximately \$759,100 in restitution.

Assistant U.S. Attorney Ryan G. Weldon is prosecuting the case. The FBI and IRS Criminal Investigation conducted the investigation.

XXX

Contact

Clair J. Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated October 16, 2023

Former Columbia Falls woman sentenced to two years in prison for fraud

Thursday, August 24, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — A former Columbia Falls woman who admitted to defrauding Montana victims by creating and cashing fraudulent checks was sentenced today to two years in prison, to be followed by five years of supervised release, U.S. Attorney Jesse Laslovich said.

Joanna Marie Snyder, 59, of Boston, Massachusetts, and formerly of Columbia Falls, pleaded guilty in April to wire fraud.

U.S. District Judge Dana L. Christensen presided. The court also ordered \$7,299 restitution.

The government alleged in court documents that in September and October 2019, Snyder engaged in a scheme to create counterfeit \$20 Federal Reserve notes and obtained the identities and bank account information of Montana victims to create and cash fraudulent checks. An investigation found 19 fraudulently cashed checks drawn off a hospitality account associated with a Kalispell business. Several of the hospitality checks were made out to Snyder and had been deposited into accounts owned by Snyder at the Whitefish Credit Union.

The U.S. Attorney's Office prosecuted the case. The U.S. Secret Service, Polson Police Department, Kalispell Police Department, Columbia Falls Police Department and Flathead County Sheriff's Office conducted the investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated August 24, 2023

Owner of insurance company in Rosebud County admits defrauding customers

Thursday, August 24, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

BILLINGS — A Forsyth woman accused of defrauding customers through her business, Rosebud County Insurance Inc., by spending client payments on personal expenses admitted fraud charges today, U.S. Attorney Jesse Laslovich said.

Kileen Moria Hagadone, 57, pleaded guilty to wire fraud and to aggravated identity theft. Hagadone faces a maximum of 20 years in prison, \$250,000 fine and three years of supervised release on the wire fraud crime and a mandatory minimum of two years in prison, consecutive to any other punishment, a \$250,000 fine and one year of supervised release on the aggravated identity theft crime.

U.S. Magistrate Judge Timothy J. Cavan presided. A sentencing date will be set before U.S. District Judge Susan P. Watters. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Hagadone was released pending further proceedings.

The government alleged in court documents that Hagadone owned and operated Rosebud County Insurance Inc., an insurance brokerage business that acted as an intermediary between customers and national insurance companies. Hagadone was supposed to help negotiate insurance contracts for her customers and then receive and transmit payments from the customers to the companies for the negotiated policies. Hagadone received these payments from customers but failed to send the funds to the

insurance companies. Instead, Hagadone misappropriated the money for personal expenses. The scheme ran from about 2020 until April 2023.

The government further alleged that one of the victims was the Chief Dull Knife College of Lame Deer, which engaged Hagadone to find an insurance policy for the college. Hagadone did so, and the negotiated premium for the policy in November 2021 was \$91,883. The college paid Hagadone the full amount at that time. Instead of sending the premium to the insurance company, Hagadone fraudulently contracted to finance the college's insurance premium with a premium financing company and forged the signature of a college representative on the contract. The agreement enabled Hagadone to keep most of the payment without immediately cancelling the insurance policy. Eventually, Hagadone embezzled too much money from her business trust account and could not pay the financing payments she fraudulently created. As a result, by April 2022, the college's insurance had been terminated. Hagadone concealed this from the college and falsely represented that the college was insured when it was not.

In addition, the government alleged that in November 2022, Hagadone falsely told the college that the insurance policy needed to be renewed, even though it had been cancelled and did not exist. Hagadone then created a false insurance contract for a policy that did not exist and induced the college to pay \$98,893 for the fictitious policy. Hagadone embezzled the entire payment, and the college was uninsured from April 2022 until April 2023. Hagadone cheated other customers in a similar way, although the amounts paid were typically smaller.

Assistant U.S. Attorney Colin M. Rubich is prosecuting the case. The Montana State Auditor, Commissioner of Securities and Insurance, FBI and Rosebud County Sheriff's Office conducted the investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated August 24, 2023

Florida man admits wire fraud in India-based computer hacking scheme that stole \$150,000 from Montana woman

Monday, August 21, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — A Florida man accused in an India-based computer hacking scheme that stole \$150,000 from an elderly Montana woman admitted to a fraud crime today, U.S. Attorney Jesse Laslovich said.

Eddly Joseph, 43, of Gainesville, Florida, pleaded guilty to wire fraud. Joseph faces a maximum of 20 years in prison, a \$250,000 fine and three years of supervised release.

U.S. Magistrate Judge Kathleen L. DeSoto presided. Sentencing was set for Dec. 20 before U.S. District Judge Donald W. Molloy. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Joseph was released on conditions pending further proceedings.

The government alleged in court documents that a large enterprise originating from India was involved in stealing money from the elderly in the United States. In February, various fraudsters stole \$150,000 from a 73-year-old woman, identified as Jane Doe, in Kalispell. Joseph and co-defendant, Sukhdev Vaid, of India, fraudulently made it appear as if victims had a virus on their computers and that their bank accounts were accessible to hackers. To “safekeep” the victims’ money, Joseph and others directed the victims to withdraw cash so the hackers could not access and steal the victims’ money. Joseph and others would then meet the victims, take their cash, thereby stealing it. The government further alleged that Jane Doe received a pop-up on her computer explaining she was “hacked” and to call a number for customer support. When Jane Doe complied and

called, the fraudsters directed Jane Doe to remove cash from her bank accounts for safe keeping at the "Fed." Jane Doe complied and gave the fraudsters \$150,000.

In March, Jane Doe told the fraudsters she still had \$50,000 in cash, which was a ruse set up by the FBI. Joseph traveled to Montana, along with Vaid, to steal the money from Jane Doe and were arrested when they arrived. The investigation determined that the fraudsters used a remote access connection device to hack Jane Doe's computer in January. Vaid has pleaded not guilty to charges and is pending trial.

Assistant U.S. Attorney Ryan G. Weldon is prosecuting the case. The FBI and the Flathead County Sheriff's Office conducted the investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated August 22, 2023

GREAT FALLS — A Great Falls woman who transported mail admitted today to possessing stolen mail and wire fraud charges after depositing checks she had overwritten with her name, U.S. Attorney Jesse Laslovich said.

Jacqueline Rose Hydock, 33, pleaded guilty to possession of stolen mail and wire fraud. Hydock faces a maximum of 20 years in prison, a \$250,000 fine and three years of supervised release.

Chief U.S. District Judge Brian M. Morris presided. The court will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Sentencing was set for Dec. 13. Hydock was released pending further proceedings.

In court documents, the government alleged that Hydock was a driver for a Great Falls postal service contract route, and her job was to transport mail between the post office annex in Black Eagle and the main post office in downtown Great Falls. In May 2022, Hydock opened a new account at Montana Federal Credit Union and then made a series

of check deposits using an ATM and drive-up window. The checks, issued by various individuals and placed in the mail, had been overwritten in a black felt pen, with the payee's name changed to Hydock's. In addition, a woman mailed a birthday card to her grandson and enclosed a Walmart gift card. When the card arrived, there was no gift card in the envelope, which had been opened and taped shut. An investigation determined that the gift card was used on May 22, 2022 in Great Falls, and photos showed Hydock and another individual at the register for the transaction.

Assistant U.S. Attorney Jessica A. Betley is prosecuting the case. The U.S. Postal Service Office of Inspector General, U.S. Postal Service, Cascade County Sheriff's Office and Great Falls Police Department conducted the investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated August 17, 2023

Glendive woman sentenced to more than three years in prison for stealing more than \$119,000 from elderly man whose finances she managed

Thursday, July 27, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — A Glendive woman convicted of stealing more than \$119,000 from an elderly man whose finances she managed was sentenced today to three years and four months in prison, to be followed by three years of supervised release, U.S. Attorney Jesse Laslovich said.

Gina Larae Mann, aka Gina Larae Neva, 54, pleaded guilty in October 2022 to wire fraud, aggravated identity theft and money laundering.

U.S. District Judge Dana L. Christensen. The court also ordered \$119,269 restitution.

"Mann preyed upon a recently widowed victim instead of helping him. Even worse, she helped herself by spending his money for her own benefit. Mann's conduct destroyed the financial security, good credit, and peace of mind of an elderly man who trusted her. Our office will continue to hold accountable those who exploit the most vulnerable among us and I applaud Assistant U.S. Attorney Karla E. Painter and the IRS Criminal Investigation for investigating and prosecuting this case," U.S. Attorney Laslovich said.

"Ms. Mann abused the trust of a vulnerable man for her financial gain. Now she will pay for her crimes by serving a federal prison sentence where she will not be able to take advantage of anyone else," said Andy Tsui, Special Agent in Charge, IRS Criminal Investigation Denver Field Office. "As a community, it is our responsibility to care for our elders. As a law enforcement community, it is our duty to hold individuals accountable who abuse their position of trust and steal from the people that are under their care."

The government alleged in court documents that Mann offered to help the victim, a recently widowed elderly man who was familiar with Mann and trusted her with his taxes and bookkeeping. After gaining control of the victim's bank account, Mann stole more than \$119,000 through various methods, including taking money directly from the victim and opening several lines of credit in his name without his knowledge.

The scheme caused the victim financial ruin and destroyed his credit. In a statement provided to the court, the victim said of Mann's conduct, "She ruined my life and I will live with it for the rest of my life, trying to fix the mess she has created."

Mann's scheme began in early 2018 and continued until late 2019 when the victim discovered the fraud after receiving overdraft notices from a credit union. When interviewed, Mann told federal agents that the victim wanted to be a partner in her business and claimed she used ATM cash advances from a credit card to pay for her business location, car payments and insurance. Neither statement was true. The victim

was not aware of and did not authorize any of Mann’s withdrawals or credit card transactions. The government further alleged that Mann transferred funds directly to her business and her own account, sent thousands of dollars to her husband and withdrew more than \$1,000 at a casino and liquor store in Billings.

Assistant U.S. Attorney Karla E. Painter prosecuted the case. The IRS Criminal Investigation conducted the investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Clair.Howard@usdoj.gov

Updated July 27, 2023

Topics

Kalispell woman who sent money overseas in money mule scheme sentenced to 57 months in prison; \$2 million restitution ordered

Tuesday, February 21, 2023

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For Immediate Release

U.S. Attorney's Office, District of Montana

MISSOULA — A Kalispell woman who admitted to funneling millions of dollars overseas in a money mule scheme that defrauded victims was sentenced today to 57 months in

prison, ordered to pay \$2,043,340 restitution and to serve three years of supervised release, U.S. Attorney Jesse Laslovich said.

Theresa Anne Chabot, 58, pleaded guilty in September 2022 to unlicensed money transmitting businesses.

U.S. District Judge Dana L. Christensen presided. The court also ordered Chabot to forfeit a 2021 Chevrolet Tahoe. Chabot was ordered into custody.

"As a money mule, Chabot laundered millions of dollars collected through various fraud schemes across the country and sent proceeds overseas while keeping a share of the money for her own benefit. Chabot exploited and harmed numerous trusting victims and now rightfully faces the consequences of her criminal conduct. As this case shows, our office will continue to aggressively investigate and prosecute those who criminally exploit others," U.S. Attorney Laslovich said.

"IRS special agents are experts at unraveling sophisticated financial crimes and disrupting international crime organizations," said Andy Tsui, Special Agent in Charge, IRS Criminal Investigation, Denver Field Office. "Money mules like Chabot are the lifeblood of these fraudsters, enriching themselves and harming countless victims in the process. Today's sentencing is a victory for all taxpayers and an example of the commitment we share with the FBI and other law enforcement partners to cut off the flow of money to criminals who think they are beyond our reach."

"Money mules support criminal enterprises by adding a layer between those criminals and their victims, making it more difficult to trace and recover the funds," said Acting Special Agent in Charge Cheyvorea Gibson of the Salt Lake City FBI. "Acting as a money mule, whether you know it or not, is illegal. The FBI is committed to protecting the public from such predators and holding them accountable."

The government alleged in court documents that from about May 2017 until February 2021, Chabot, through her business, Avalanche Creek, LLC, collected money from various wire fraud schemes around the United States into her bank accounts. Chabot then funneled millions of dollars overseas, including to the United Arab Emirates, and received 10 percent of the funds into her accounts. The fraud loss was \$5,449,395. Chabot preyed on the elderly, fantasies of love, friendships, purported oil investments, advance-pay schemes and gold and silver. In 2018, the Secret Service informed Chabot she was acting as a "money mule," but Chabot ignored the warning and continued sending money overseas. When interviewed again by agents in 2020, Chabot admitted one instance in which she received \$10,000 hidden in a stuffed animal and deposited the money into her account.

Chabot operated Avalanche Creek as a money transmitting business and was required to register it with the Department of Treasury. Chabot opened more than 50 bank accounts. Banks closed numerous accounts after reviewing the activity because of fraud or misuse. Despite the repeated bank account closures, Chabot would open new bank accounts that enabled her to receive proceeds.

Assistant U.S. Attorney Ryan G. Weldon prosecuted the case, which was investigated by the FBI and IRS Criminal Investigation.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Updated February 21, 2023

Great Falls woman sentenced to prison for fraud, identity theft scheme

Wednesday, January 11, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Montana

GREAT FALLS — A Great Falls woman who admitted to participating in a scheme to use fraudulent checks to buy retail merchandise was sentenced today to seven months in prison, to be followed by three years of supervised release, and ordered to pay \$2,652 restitution, U.S. Attorney Jesse Laslovich said.

Crystal Lynn Jackson, aka Crystal Lynn Barber, 38, pleaded guilty in September 2022 to wire fraud and aggravated identity theft.

Chief U.S. District Judge Brian M. Morris presided.

In court documents, the government alleged that between September 2019 and May 2020, Jackson participated in a scheme with co-defendants, Rachel Abbott and John Dailey, in which she used stolen and altered checks to help pay for retail merchandise and other goods at businesses in the Great Falls area. Abbott and Dailey used fake identification cards, stolen checks and check printing software to create new checks with valid account numbers. Dailey would make the fake identification cards for Abbott that contained a real identity with Abbott's picture. Jackson accompanied Abbott to businesses where the duo shopped for items and used the forged checks as payment. Dailey was sentenced to 51 months in prison and Abbott was sentenced to 26 months in prison for their convictions in the case.

Assistant U.S. Attorney Jessica A. Betley prosecuted the case, which was investigated by the FBI and Great Falls Police Department.

XXX

Contact

Clair Johnson Howard

Public Affairs Officer

406-247-4623

Updated January 11, 2023

Iowa US Attorney Case

Iowa Custom Cattle Farmer Pleads Guilty to Livestock Theft and COVID-19 Fraud

Tuesday, December 5, 2023

Share

For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

Also Convicted of False Statements in Bankruptcy

An Iowa farmer who operated an unlicensed custom cattle operation known as "Fawn Hollow" in Clayton County pled guilty on December 1, 2023, in federal court in Cedar Rapids. Michael Wayne Butikofer, age 53, from Monona, Iowa, was convicted of one count of theft of livestock, one count of wire fraud, and one count of false bankruptcy declaration.

In his plea agreement, Butikofer admitted he operated a large farming operation in Northeastern Iowa known as "Fawn Hollow," from his home farm outside St. Olaf, Iowa, and at satellite locations elsewhere in Iowa and Wisconsin. Butikofer operated a so-called "custom cattle" feeding operation in which employees of his organization would raise and care for cattle owned by other individuals, including cattle investors located across the United States. Fawn Hollow then sold the cattle, primarily to a Wisconsin slaughterhouse.

At no time was Butikofer or "Fawn Hollow" registered with the United States Department of Agriculture ("USDA") as a "dealer" under the Packers and Stockyards Act of 1921 ("the Act"). Butikofer and another individual identified as "Individual-1" did participate in the so-called "H-2A" visa program and recruited agricultural workers from the Republic of South Africa to work at Fawn Hollow.

Between July 2020 and February 2022, Butikofer converted the proceeds of sales of cattle owned by six cattle investors to his own use. Butikofer had convinced the cattle investors to allow Butikofer to sell the cattle in his own name. When Butikofer sold the cattle to the Wisconsin slaughterhouse, Butikofer falsely represented to the slaughterhouse that he had "good and merchantable title to" the cattle when he did not, in fact, own or otherwise have title to the cattle. By convincing the cattle investors to permit Butikofer to sell their cattle in his own name, and by fraudulently concealing the

true ownership of the cattle from the slaughterhouse, Butikofer attempted to evade the requirements of the Act and its regulations for registration, posting of a dealer bond, and prompt payment, which would have protected the cattle investors' funds.

Between July 2020 and August 2020, Butikofer defrauded the USDA of more than \$200,000 in emergency assistance funds designed to assist livestock producers during the COVID-19 pandemic. Specifically, applications were submitted in the name of Individual-1 and entitled "Coronavirus Food Assistance Program" ("CFAP") payments. A cattle producer qualified for CFAP payments on a per head basis based on the producer's owned inventory of eligible beef cattle on a date selected by the producer between certain dates in calendar year 2020. It was part of Butikofer's wire fraud scheme that the CFAP applications in Individual-1's name falsely stated that Individual-1 owned cattle when, in truth, Individual-1 did not own any cattle. Finally, it was part of the scheme that Butikofer would intercept or otherwise gain access to the CFAP funds once the USDA provided those funds to Individual-1 and then use those CFAP funds for his own purposes.

In February 2022, Butikofer received over \$1.5 million from the Small Business Administration ("SBA") as part of an application for an Economic Injury Disaster Loan ("EIDL"). Butikofer falsely stated to the SBA that he would use the proceeds "solely as working capital to alleviate economic injury caused by" the COVID-19 pandemic. In truth, upon receiving the \$1.5 million from the SBA, Butikofer used no less than \$75,000 of the EIDL funds to pay an attorney known as Attorney-1 for services rendered in connection with a Chapter 11 bankruptcy proceeding that Butikofer filed on or about February 28, 2022, in *In re Michael W. Butikofer et al.*, Case Number 22-00096, in the United States Bankruptcy Court for the Northern District of Iowa.

In March 2022, Butikofer submitted a false and fraudulent statement of financial affairs in his bankruptcy case. In April 2022, Butikofer falsely testified under oath at a meeting of creditors and, in November 2022, repeatedly committed perjury before the bankruptcy court when asked questions about the ownership of his cattle operation.

From April 2023 to November 2023, while on federal pretrial release, Butikofer recruited and caused Individual-1 to recruit H-2A workers to the United States under false and fraudulent pretenses, representations, and promises. The false and fraudulent pretenses, representations, and promises included: (1) the housing conditions provided to the employees; (2) the location of the employees' work; (3) the terms and timing of reimbursement for the employees' work and expenses; and (4) payment for injuries sustained during the employment.

Evidence at a detention hearing held on December 1, 2023, and December 4, 2023, showed that Butikofer attempted to tamper with grand jury and trial witnesses. In 2020, a federal district court entered a default judgment against Butikofer and in favor of H2A workers from the Republic of South Africa for civil violations of the Fair Labor Standards Act and Trafficking Victims Protective Reauthorization Act in 2018. As part of his plea agreement, Butikofer has agreed to voluntarily terminate and cease participation in foreign labor programs with respect to any program administered by the U.S. Department of Labor or U.S. Department of Homeland Security.

Sentencing before United States District Court Judge C.J. Williams will be set after a presentence report is prepared. Butikofer faces a possible maximum sentence of 30 years' imprisonment, a \$750,000 fine, and 3 years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorney Timothy L. Vavricek and was investigated by the Small Business Administration, Office of Inspector General, the Federal Deposit Insurance Corporation, Office of Inspector General, the United States Department of Agriculture, Office of Inspector General, the United States Department of Labor, Office of Inspector General, and Homeland Security Investigations.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 22-CR-1018.

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Updated December 5, 2023

Lyon County Man Pleads Guilty to Wire Fraud in Scheme to Defraud Midwest Livestock Producers

Monday, December 4, 2023

Share

For Immediate Release

Created Fraudulent Documents and Manipulated Scales Between 2018 and 2021

A Lyon County man who defrauded pork producers while working as the regional manager of an Iowa livestock dealer pled guilty on December 1, 2023, in federal court in Cedar Rapids. Robert Harry Bickerstaff, age 52, from Rock Rapids, Iowa, was convicted of one count of wire fraud.

At the plea hearing and in his plea agreement, Bickerstaff admitted that he had worked as a regional manager for an Iowa livestock dealer between 2018 and 2021. As regional manager, Bickerstaff oversaw livestock buying stations in Iowa, Minnesota, and South Dakota. From time to time, Bickerstaff also personally counted, classified, and weighed swine at these stations.

Bickerstaff admitted he participated in a scheme to defraud livestock producers personally and by directing others to (1) falsely and fraudulently lower the weights and reduce the numbers and classifications of swine that producers and sellers had delivered to the dealer at its buying stations; (2) manipulate the weights of swine either manually or using a crowbar, paddle, or other similar object, and thus defeat the electronic scales on which livestock producers' swine was weighed at his buying stations; and (3) create fraudulent "sort sheets" and scale tickets containing false numbers, classifications, and weights of producers' swine for transmission to the dealer's headquarters in Waucoma, Iowa. Finally, concerned about a potential investigation into his conduct in early 2021, Bickerstaff instructed others to destroy anything with his name on it.

In addition to working for the livestock dealer, Bickerstaff was a pork producer himself. In February 2022, Bickerstaff won a "Hog Wild" award from a statewide pork producers' association for his role in promoting pork in Lyon County, Iowa.

Sentencing before United States District Court Judge C.J. Williams will be set after a presentence report is prepared. Bickerstaff remains free on bond previously set pending sentencing. Bickerstaff faces a possible maximum sentence of 20 years' imprisonment, a \$250,000 fine, and 3 years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorney Timothy L. Vavricek and was investigated by the United States Department of Agriculture, Office of Inspector General, and the Federal Bureau of Investigation.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 23-CR-2026.

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Updated December 11, 2023

Tama Woman to Federal Prison for Stealing from Disabled Relative

Monday, November 6, 2023

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For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

A woman who spent her disabled relative's entire trust fund was sentenced on November 2, 2023, to more than two years in federal prison.

Nancy Lee Johnson, age 69, from Tama, Iowa, received the prison term after a May 1, 2023 guilty plea to one count of wire fraud. Information from Johnson's plea agreement and sentencing showed that in November 2017, Johnson petitioned the Meskwaki Tribal Court to become the guardian and conservator of her disabled relative, L.J. In doing so, she swore that she would faithfully discharge the duties of a guardian and conservator, which included protecting, preserving, and prudently investing the estate of L.J. At the time, L.J. had a trust fund valued at more than \$360,000. L.J. also received per capita pay from the Meskwaki tribe and Social Security benefits. The court recognized Johnson as L.J.'s guardian and conservator in February 2018.

As early as December 2017, she began to transfer money from L.J.'s trust fund to other accounts and by November 2018, the balance of L.J.'s trust fund was \$0. In March 2018, Johnson activated a debit card for an account she opened in L.J.'s name. She had the only copy of the card. Johnson used that card to make unauthorized purchases, which included the purchases of two purebred dogs and multiple pieces of jewelry. During the time that she was his guardian and conservator, L.J.'s assets totaled at least \$416,043.73. In August 2019, when the Meskwaki Tribal Court terminated Johnson's guardianship and conservatorship, L.J.'s funds had been reduced to \$1,871.38.

Johnson was sentenced in Cedar Rapids by United States District Court Judge C.J. Williams. Johnson was sentenced to 33 months' imprisonment. She was ordered to make \$387,213.40 in restitution to her relative. She must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system.

Johnson was released on the bond previously set and is to surrender to the United States Marshal on November 27, 2023.

The case was prosecuted by Assistant United States Attorney Kyndra Lundquist and investigated by the Federal Bureau of Investigation.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 22-CR-0086.

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Updated November 7, 2023

Topics

Minnesota Man Who Defrauded Elderly Victim Pleads Guilty in Federal Court

Friday, October 20, 2023

Share

For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

Girard stole approximately \$149,000 of the victim's money.

A man who defrauded an elderly victim by abusing his power of attorney entered a plea of guilty on October 18, 2023, in federal court in Sioux City.

Hamilton Girard, age 65, of Stillwater, Minnesota, was charged with 1 Count of Wire Fraud.

In the plea agreement, Girard admitted that in February, 2020, he was designated as an agent, and given power of attorney and for an elderly person diagnosed with early onset dementia. Girard, acting with power of attorney, misappropriated approximately \$149,000 of the victim's funds. Girard signed and issued unauthorized checks from the victim's personal checking account to purchase items such as home improvement and home construction-related goods and services for his own benefit.

Sentencing before United States District Court Chief Judge Leonard T. Strand will be set after a presentence report is prepared. Girard remains free on bond previously set. Girard faces a possible maximum sentence of 20 years' imprisonment, a \$250,000 fine, and 3-years of supervised release following any imprisonment.

The case is being investigated by FBI and prosecuted by Assistant United States Attorney Ron Timmons.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 23-3015.

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Updated October 23, 2023

Larchwood Seed Dealer Sent to Federal Prison for Wire Fraud and False Statements

Friday, September 22, 2023

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For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

Christie tried to cut out the seed distributor and sell seed directly to farmers.

A seed salesman who cut out the seed distributor, and sold corn and soybean seeds directly to farmers for his own benefit, was sentenced September 20, 2023, to more than 2 years in federal prison.

Nathan Christie, age 44, from Larchwood, received the prison term after a March 24, 2023, guilty plea to one count of Wire Fraud and one count of False Statements to a Financial Institution.

Evidence in the case revealed that Christie, an employee of the seed company, took money directly from farmers for seed, but did not forward that money to the owner of the seed. Instead, he used the money to cover his gambling losses and to pay for other personal expenses leaving the seed bill unpaid. To cover his fraud, Christie manipulated records to make it appear unsuspecting seed distributors had delivered the seed. Christie was nearly caught when one of those distributors asked about a bill he had received from the seed company. Christie however, acquired money to pay the bill. Christie acquired \$62,076.23 by forging his spouse's signature on an Agriculture Security Agreement and another \$350,000 by forging his spouse's signature on a second real estate mortgage on their shared residence. After this near-discovery of his fraud, Christie stopped using the first distributor's account and found two new victim distributors.

On March 24, 2023, Christie appeared before United States Chief Magistrate Judge Kelly K.E. Mahoney and pled guilty to two counts of a two-count Information filed March 17, 2023. The Court ordered Christie released on a personal recognizance bond without pretrial supervision. On July 11, 2023, the United States filed a Motion for Revocation of Pretrial Supervision alleging Christie had violated the conditions of his unsupervised pretrial release by committing a new law violation in light of his arrest for Burglary, Third Degree - Non-Vehicle, as charged in Lyon County, Iowa, Docket No. FECR007731. On July 18, 2023, the Court found there was probable cause to believe Christie had committed the above alleged new law violation, and the Court revoked Christie's pretrial release and ordered him detained. The state charge is still pending.

Christie was sentenced in Sioux City by United States District Court Chief Judge Leonard T. Strand to 30 months' imprisonment on each count, to be served concurrently. He was ordered to make \$202,440.80 in restitution to AgReliant and \$258,825.25 to American State Bank, for a total of \$461,266.05 in restitution. He must also serve a 3-year term of supervised release after the prison term. There is no parole in the federal system.

Christie is being held in the United States Marshal's custody until he can be transported to a federal prison.

The case was investigated by the Lyon County, Iowa Sheriff's Department and was prosecuted by Assistant United States Attorneys Ron Timmons and Forde Fairchild.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 23-04005.

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Updated September 22, 2023

Waukon Office Manager Pleads Guilty in Six-Year Embezzlement Scheme

Friday, July 21, 2023

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For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

Stole Over \$200,000 from Northeast Iowa Tax Preparation Business

An office manager who stole over \$200,000 from her employer, a Northeast Iowa tax preparation business, pled guilty July 19, 2023, in federal court in Cedar Rapids.

Heather Leigh Migliore, age 51, from Waukon, Iowa, was convicted of one count of wire fraud.

At the plea hearing, and in a plea agreement, Migliore admitted that, from January 2015, through November 2021, she stole no less than \$200,000 from her employer, a tax preparation business with offices in Waukon and Decorah, Iowa. Migliore was the business's office manager and had responsibility for its finances, including making payroll and paying bills. Migliore used a signature stamp of the owner of the business to write and sign checks to herself. To cover up her scheme, Migliore then deleted the checks from the business's electronic bookkeeping system. Beginning in July 2019,

Migliore also made over \$20,000 in fraudulent credit card charges on the business's credit cards. Migliore used the stolen funds to pay her personal expenses.

Sentencing before United States District Court Judge C.J. Williams will be set after a presentence report is prepared. Migliore remains free on bond. Migliore faces a possible maximum sentence of 20 years' imprisonment, a \$250,000 fine, and three years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorney Timothy L. Vavricek and was investigated by the Winneshiek County Sheriff's Office.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 23-CR-1015.

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Updated July 21, 2023

Former Human Resources Manager Sentenced to Federal Prison for Defrauding Employer

Wednesday, January 18, 2023

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For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

Also Defrauded Two States Out of COVID-19 Unemployment Benefits

A former human resources manager who stole over \$95,000 from her employer and two state unemployment agencies was sentenced on January 11, 2023, to four months in federal prison. Holly Marie Jacobi, formerly known as Holly Marie Bemis, of Epworth, Iowa, received the prison term after pleading guilty on July 20, 2022, to one count of wire fraud and two counts of theft of government funds.

In a plea agreement, and at her sentencing hearing, it was established that Jacobi was the human resources manager for a Peosta, Iowa, manufacturing company. Between June 2019 and July 2020, Jacobi falsified payroll expenses and health care reimbursements in the names of ten employees and directed the company's payroll system to wire over \$65,000 in falsified payments to two bank accounts that she controlled. Jacobi also filed a false and fraudulent application for federally funded COVID-19 unemployment insurance benefits with the State of Iowa. Jacobi stated that she was unemployed from the company due to "[l]ayoff . . . lack of work," when in truth she was still employed as the company's human resources manager. As a result, Jacobi received over \$17,000 in fraudulent unemployment benefits from the State of Iowa. The company discovered Jacobi's fraud and terminated her employment.

Jacobi also admitted that she later obtained and lost employment at a cheese company in Wisconsin. After losing that second job, Jacobi applied for federally funded unemployment benefits from the State of Wisconsin. Jacobi then obtained a job from a California-based company. From May 2021 through October 2021, Jacobi falsely certified to the State of Wisconsin on weekly reporting forms that she had received no weekly wages when, in truth, she was receiving weekly wages totaling between \$1,100 and \$6,000 from the California-based company. As a result, Jacobi fraudulently received more than \$12,000 in federally funded unemployment benefits paid through the State of Wisconsin. Jacobi previously pled guilty in 2001 to felony forgery and misdemeanor theft charges in Scott County, Iowa.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

Jacobi was sentenced in Cedar Rapids by United States District Court Judge C.J. Williams. Jacobi was sentenced to four months' imprisonment and four months' home confinement. Jacobi was also ordered to repay \$6,000 in court-appointed attorney fees. She was ordered to make \$95,567.69 in restitution to her former employer and the States of Iowa and Wisconsin. She must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system.

Jacobi was released on the bond previously set and is to surrender to the Bureau of Prisons on a date yet to be set. The case was prosecuted by Assistant United States Attorney Timothy L. Vavricek and investigated by the Peosta Police Department and the United States Department of Labor, Office of Inspector General.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file numbers are 22-CR-1008 and 22-CR-1026.

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Updated January 18, 2023

Waterloo Woman Who Abused a Power of Attorney to Steal from a Victim Suffering from Dementia Sentenced to Prison

Friday, December 16, 2022

Share

For Immediate Release

U.S. Attorney's Office, Northern District of Iowa

A woman who abused her position as an elderly victim's power of attorney was sentenced on December 9, 2022, to more than three years in federal prison.

Shanan Smith, age 56, from Waterloo, Iowa, received the prison term after a March 30, 2022 guilty plea to one count of wire fraud.

Information from the plea and sentencing hearings showed that Smith became the victim's power of attorney after the victim began to suffer from dementia. Smith eventually began to steal the victim's money and use it for her own purposes. This included gambling with the victim's money. Smith's misspending of the victim's money caused the victim's nursing home bill to become thousands of dollars in arrears. Smith eventually sold the victim's house to bring the nursing home bill current. Smith then spent the remainder of the proceeds from the sale of the house on her own expenses. Smith has three prior felony convictions and fourteen theft convictions.

Smith was sentenced in Cedar Rapids by United States District Court Judge C.J. Williams. Smith was sentenced to 37 months' imprisonment. She was ordered to make \$51,000 in restitution to relatives of the victim. She must also serve a three-year term of supervised release after the prison term. There is no parole in the federal system. Smith was released on the bond previously set and is to surrender to the Bureau of Prisons on a date yet to be set.

The case was prosecuted by Assistant United States Attorney Kyndra Lundquist and investigated by the Iowa Division of Criminal Investigation. Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 22-CR-2014.

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Updated December 16, 2022

Ugandan Man Sentenced to 121 Months in Federal Prison for Money Laundering Charge

Thursday, September 21, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DAVENPORT, IA – A Ugandan man was sentenced on Wednesday, September 20, 2023, to 121 months in prison for Conspiracy to Commit Money Laundering.

According to public court documents, Kingsley Ogbeide, 50, also known as “James Oreye,” “Emmanual Richson,” and “King,” was involved in a business email compromise (BEC) scam which defrauded a business within the Southern District of Iowa. Ogbeide worked with co-conspirators and co-defendants to trick employees of legitimate businesses to change their bank information via email. Large sums of money were subsequently wired to illegitimate bank accounts controlled by fraudsters. Ogbeide worked as a top-level conspirator arranging and communicating on which fraudulent bank accounts would receive illegally obtained funds and managed how the funds would be distributed to other members of the conspiracy. Ogbeide admitted to helping to manage fraudulent activity totaling between approximately \$3.5 million and \$9.5 million.

Following his prison sentence, Ogbeide was ordered to serve three years of supervised release. There is no parole in the federal system. Ogbeide was ordered to pay about \$1.5 million in restitution to 16 victims.

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement. The Federal Bureau of Investigation investigated the case.

Contact

MacKenzie Tubbs
Public Information Officer
515-473-9300
USAIAS.PAO@usdoj.gov

Updated September 21, 2023

Clive Man Pleads Guilty to Wire Fraud

Friday, December 1, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DES MOINES, Iowa – On November 29, 2023, a Clive man pleaded guilty to wire fraud.

According to public court documents, Zachary James Flaherty, 47, used his position as an insurance agent and annuity salesperson to defraud elderly individuals out of their

retirement savings and other monies. Flaherty admitted to engaging in a scheme to defraud some of his insurance clients, specifically, that he intended to defraud some of his clients by making false statements to those clients to obtain financial benefits for himself to the detriment of his clients. For example, Flaherty told one of the victims, referred to in court documents as Victim #10, that he would invest proceeds from the sale of her house on her behalf and for her benefit, even though Flaherty knew that his representations to Victim #10 were false. As a result of Flaherty's false representations, Victim #10 wrote two checks, totaling \$170,000, to a company Flaherty owned and/or operated. Flaherty used the proceeds of his fraudulent scheme to acquire various assets, including a boat and automobiles.

Flaherty is scheduled to be sentenced on April 12, 2024, and faces a potential sentence of up to twenty years in prison. A federal district court judge will determine the sentence Flaherty will receive after considering the United States Sentencing Guidelines and other sentencing factors.

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement. The Iowa Insurance Division's Fraud Bureau and the Federal Bureau of Investigation investigated the case, with assistance from the Des Moines Police Department, Clive Police Department, and the Iowa Department of Public Safety's Division of Criminal Investigation.

Contact

MacKenzie Tubbs
Public Information Officer
515-473-9300
USAIAS.PAO@usdoj.gov

Updated December 1, 2023

Clive Man Pleads Guilty to Wire Fraud

Friday, December 1, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DES MOINES, Iowa – On November 29, 2023, a Clive man pleaded guilty to wire fraud.

According to public court documents, Zachary James Flaherty, 47, used his position as an insurance agent and annuity salesperson to defraud elderly individuals out of their retirement savings and other monies. Flaherty admitted to engaging in a scheme to defraud some of his insurance clients, specifically, that he intended to defraud some of his clients by making false statements to those clients to obtain financial benefits for himself to the detriment of his clients. For example, Flaherty told one of the victims, referred to in court documents as Victim #10, that he would invest proceeds from the sale of her house on her behalf and for her benefit, even though Flaherty knew that his representations to Victim #10 were false. As a result of Flaherty's false representations, Victim #10 wrote two checks, totaling \$170,000, to a company Flaherty owned and/or operated. Flaherty used the proceeds of his fraudulent scheme to acquire various assets, including a boat and automobiles.

Flaherty is scheduled to be sentenced on April 12, 2024, and faces a potential sentence of up to twenty years in prison. A federal district court judge will determine the sentence Flaherty will receive after considering the United States Sentencing Guidelines and other sentencing factors.

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement. The Iowa Insurance Division's Fraud Bureau and the Federal Bureau of Investigation investigated the case, with assistance from the Des Moines Police Department, Clive Police Department, and the Iowa Department of Public Safety's Division of Criminal Investigation.

Contact

MacKenzie Tubbs
Public Information Officer
515-473-9300
USAIAS.PAO@usdoj.gov

Updated December 1, 2023

Muscatine Woman Sentenced to Federal Prison for Wire Fraud

Thursday, March 9, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DAVENPORT, IA – A Muscatine woman was sentenced on March 8, 2023, to 24 months' imprisonment for Wire Fraud.

According to court documents, Kimberly Nicole Hollingshed, 37, of Muscatine, intentionally and deliberately defrauded an insurance company under materially false pretenses. In February 2022, Hollingshed accessed her neighbor's term-life insurance policy and created an online profile for the policy without permission of the neighbor. With online account access, Hollingshed made changes to the victim's policy and added herself as a policy beneficiary.

The fraud continued in April 2022 when Hollingshed falsely reported the victim died and initiated the process to claim death benefits. In fact, the victim was alive in April 2022 when Hollingshed electronically uploaded and submitted a falsified death certificate to the insurance company and was paid \$100,138.87 by the life insurance company. In the same period, Hollingshed used the fraudulent funds to purchase three motor vehicles and other personal property. Hollingshed was ordered to pay restitution and serve three years of supervised release at the conclusion of her prison sentence.

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement. The Iowa Insurance Fraud Bureau and the Muscatine Police Department investigated the case.

Contact

MacKenzie Tubbs

Public Information Officer

515-473-9300

USAIAS.PAO@usdoj.gov

Updated March 9, 2023

Dallas Center Woman Sentenced to Prison for Fraud

Wednesday, February 22, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DES MOINES, IA – A Dallas Center woman was sentenced on February 14, 2023, to 18 months in prison for wire fraud.

According to court documents, Jordyn Darion Culp, age 28, stole \$273,698 from the Federal Employees' Group Life Insurance (FEGLI) program. From approximately October 2019 to September 2021, Culp accessed FEGLI trust accounts through her employment and fraudulently transferred money from the FEGLI accounts to her personal bank account. Using the funds, Culp purchased a motorcycle, motorhome, and cargo trailer which were forfeited. Culp posted TikTok videos discussing her purchases. Culp was ordered to pay restitution and after her prison sentence she will serve three years of supervised release.

U.S. Attorney Richard D. Westphal of the Southern District of Iowa made the announcement. The Iowa Insurance Fraud Bureau investigated the case.

Contact

MacKenzie Tubbs

Public Information Officer

515-473-9300

USAIAS.PAO@usdoj.gov

Updated February 22, 2023

Sigourney Man Sentenced to Mail Fraud and Defrauding the IRS

Saturday, November 18, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DES MOINES, Iowa – A Sigourney man was sentenced today to 33 months in prison for committing fraud by selling grain as organic, which in fact was grown in violation of the United States Department of Agriculture (USDA) National Organic Program (NOP). NOP is a federal regulatory program governing organic agricultural products.

In April 2023, Mark Lynn Haines, 48, pleaded guilty to mail fraud and conspiracy to defraud the United States. According to public court documents, key among Haines' NOP violations were the use of treated seed, which is prohibited by NOP. Haines concealed his NOP violations from the Iowa Department of Agriculture and Land Stewardship (IDALS), the organic certifier. The grain was then sold by Haines to a number of unwitting purchasers at a total sale price of over \$6.5 million.

Haines also conspired to impede and obstruct the Internal Revenue Service (IRS) in the assessment and collection of income taxes. Between April 2017 and April 2019, Haines obtained false invoices, backdated checks, and exchanged checks to give the appearance of an expense that was not in fact incurred. In total, Haines concealed over \$1.3 million in income. Restitution was ordered to the IRS in the amount of \$408,107 and \$25,233.44 to a purchaser of the purported organic crops.

Following his prison term, Haines must serve a two-year term of supervised release. There is no parole in the federal system.

"Consumers trust when they see the USDA Organic Seal, they are purchasing organically produced agricultural products. Haines' fraudulent activity compromised the integrity of the program and harmed USDA's ability to protect American agriculture. This investigation and prosecution should serve as warning to all farmers participating in the USDA National Organic Program that organic agriculture fraud will be vigorously investigated by the USDA-OIG, the U.S. Attorney's Office, and its stakeholders," said USDA OIG Special Agent-in-Charge Shantel R. Robinson.

After the sentencing, FBI Omaha Special Agent in Charge Eugene Kowel said, "Mark Haines' deception and greed not only defrauded the American government, it compromised the trust and confidence of consumers who purchase organically grown products. Today's sentence should serve as a warning to others who ignore regulations and use deceptive practices to make a profit."

"Mr. Haines took steps to falsify documents and obstruct the IRS' efforts to assess and collect his correct tax obligation," said IRS Criminal Investigation (CI) Special Agent in Charge Thomas F. Murdock. "This investigation shows our commitment to upholding the integrity of the nation's tax system and holding those who try to cheat the system accountable."

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement.

The United States Department of Agriculture – Office of Inspector General, the Internal Revenue Service, and the Federal Bureau of Investigation investigated the case. The Iowa Department of Agriculture and Land Stewardship (IDALS) revoked Haines’ organic certificate in 2018 due to several NOP violations and assisted the federal agents in the investigation and the prosecution of the case.

If you witness or have knowledge of any violations of laws and regulations related to USDA programs, contact the OIG Hotline by telephone at (800) 424-9121 or TDD (202) 690-1202, or visit <https://usdaoig.oversight.gov/hotline>.

Contact

MacKenzie Tubbs
Public Information Officer
515-473-9300
USAIAS.PAO@usdoj.gov

Updated November 18, 2023

Ottumwa Man and Woman Convicted for Filing Hundreds of False Tax Returns and Fraudulently Obtaining Unemployment Insurance Benefits Payments

Tuesday, June 6, 2023

Share

For Immediate Release

U.S. Attorney's Office, Southern District of Iowa

DES MOINES, IA – An Ottumwa man and woman were convicted of conspiring to defraud the Internal Revenue Service by filing hundreds of fraudulent tax returns and of

defrauding applicants out of unemployment insurance benefits and the Iowa Workforce Development out of benefits payments.

On May 22, 2023, Thein Maung, 47, pleaded guilty to 49 fraud and tax charges. On June 2, 2023, a federal jury convicted Phyo Mi, 21, of 16 fraud charges. According to court documents and evidence presented at Mi's four-day trial, Maung and Mi ran a fraudulent tax-preparation business out of their family's Ottumwa home. In exchange for a cash fee, Maung and Mi prepared and filed their customers' tax returns. Maung and Mi primarily catered to immigrants and refugees who worked at meat-packing facilities in Iowa and who had little or no ability to read, write, or speak English.

Without their customers' knowledge or approval, Maung and Mi included on their customers' federal tax returns, schedules, and forms, fraudulent items, such as false claims for residential energy credits, business-expense deductions, or moving-expense deductions for members of the United States Armed Forces. The effect of Maung and Mi including fraudulent items on the tax documents was to increase the refunds their clients received and increase Maung and Mi's customer base. In all, from 2018 to 2022, Maung and Mi caused over 1600 tax returns to be filed from their Ottumwa residence. The fraudulent tax returns claimed over \$3.5 million in residential energy credits.

From 2018 to 2022, Maung and Mi received approximately over \$200,000 in cash fees from their customers. In addition, on their customers' returns, Maung and Mi sometimes directed portions of the fraudulent refunds be sent to financial institution accounts accessible to Maung and Mi.

Maung and Mi also offered to help customers apply for unemployment benefits from Iowa Workforce Development. Without their customers' knowledge or approval, Maung and Mi submitted materials to Iowa Workforce Development directing that their customers' benefits payments be sent to financial institution accounts that Maung and Mi had access to. From October 2020 through March 2021, Maung and Mi directed nearly \$100,000 in fraudulent unemployment insurance benefits payments be sent from Iowa Workforce Development to their accounts, instead of to the eligible claimants.

"This guilty verdict brings Phyo Mi and Thein Maung to justice. They created and implemented this massive energy credit and false deduction scheme to fund their greed at the expense of trusting taxpayers," said Special Agent in Charge Thomas F. Murdock of the IRS Criminal Investigation St. Louis Field Office. "This conviction should serve as notice that we will vigorously prosecute those criminals who engage in any form of tax fraud."

Sentencings for both Maung and Mi are scheduled for September 27, 2023, in Des Moines, before Chief United States District Court Judge Stephanie M. Rose.

United States Attorney Richard D. Westphal of the Southern District of Iowa made the announcement.

The investigation was conducted by Internal Revenue Service Criminal Investigation and the Ottumwa Police Department. Assistant United States Attorneys Kyle Essley and Laura Roan prosecuted the case.

Contact

MacKenzie Tubbs
Public Information Officer
515-473-9300
USAIAS.PAO@usdoj.gov

Updated June 6, 2023

Nebraska US Attorney Cases

Nigerian Extradited to the District of Nebraska on Business Email Compromise Fraud Scheme

Tuesday, December 12, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Susan Lehr announced the extradition of Afeez Akinloye, 42, a Nigerian national, from South Africa to the District of Nebraska on charges of conspiracy to commit wire fraud and access device fraud filed in July 2018. The United States requested Akinloye's extradition in November 2021, and South African authorities arrested him based on the U.S. request in September 2022. Subsequently, a South African court ordered his extradition in May 2023, and the Minister of Justice ordered his surrender in September.

In coordination with the U.S. Department of Justice's Office of International Affairs, the U.S. Marshals Service, and the Federal Bureau of Investigation, South African authorities ultimately surrendered Akinloye to the United States on December 8, 2023. Akinloye had an initial appearance on the Indictment on December 12, 2023. United States Magistrate Judge Michael D. Nelson ordered Akinloye remain detained pending trial.

The Indictment charges Akinloye with conspiracy to commit wire fraud in violation of Title 18, United States Code Section, 1349 and with access device fraud in violation of Title 18, United States Code, Section 1029. It is alleged that Akinloye participated in a business email compromise (BEC) scheme from September 2016 to June 2017. The BEC scheme involved real estate transactions. Akinloye and his co-conspirators would learn of a real estate transaction closing and send fraudulent emails to have the wire proceeds wired to accounts they could access. As a result of this scheme, business in Nebraska and elsewhere were defrauded of over \$1,850,000.

Akinloye is the first of the co-conspirators to appear on the Indictment.

This case was investigated by the Federal Bureau of Investigation. The Justice Department's Office of International Affairs provided substantial assistance in securing the arrest and extradition of Akinloye.

Contact

Lecia Wright - Supervisory Assistant U.S. Attorney (402) 661-3700

Updated December 13, 2023

Kansas Woman Sentenced for Embezzlement Scheme

Thursday, November 30, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Susan Lehr announced that Amy Shepherd, age 44, of Wichita, Kansas, was sentenced on November 30, 2023, in federal Court in Omaha, Nebraska, for wire fraud. United States District Court Judge Brian C. Buescher sentenced Shepherd to 18 months' imprisonment. There is no parole in the federal system. After Shepherd's release from prison, she will begin a 3-year term of supervised release. Shepherd was also ordered to pay \$112,257.80 in restitution.

Roadrunner Temperature Controlled is the refrigerated trucking division of Roadrunner Transportation Systems and it is located in Sarpy County, Nebraska. Roadrunner Temperature Controlled (hereinafter "Roadrunner") uses Electronic Funds Source (hereinafter "EFS"), an electronic wire transfer service, for their driver cash advances.

Amy Shepherd was employed by Roadrunner from July 25, 2016, through June 21, 2019. During her employment at Roadrunner, Shepherd was a Customer Service Manager, Driver Business Leader Manager, and, most recently, a Dispatch Lead Manager. Shepherd was a Dispatch Lead Manager from October 13, 2018, to June 21, 2019. Amy Shepherd worked remotely from her home in Kansas. Johnny Bradford II was a driver employed by Roadrunner from February 28, 2017, until May 4, 2018.

From February 1, 2018, through June 21, 2019, Shepherd, used her position with Roadrunner as a Dispatch Lead Manager to fraudulently generate advances and enter EFS check codes into Roadrunner's accounting system. Shepherd characterized the advances as relating to legitimate business purposes, for example repairs, washouts, or trailer unloading. Shepherd entered the advances for current Roadrunner drivers. After generating the check code, Shepherd sent the check code to Bradford. Bradford filled out the EFS Checks with the check code he received from Shepherd. Bradford then cashed the checks at vendor establishments. After Bradford received the funds, he would use Western Union to send portions of the money he received from the fraudulent driver advances back to Shepherd. One such wire occurred on June 9, 2019, when an Electronic Check in the amount of \$826.64 was initiated by Shepherd, in Kansas purportedly being for "TRL16452 Alternator" through Roadrunner's accounting system in Nebraska, to Bradford in Nevada. As a result of the scheme and artifice to defraud, from February 1, 2018, through June 21, 2019, Shepherd and Bradford caused an actual loss of \$112,257.80.

On September 19, 2023, Bradford pled guilty to one count of wire fraud and is scheduled to be sentenced on December 14, 2023, at 1:30.

This case was investigated by the United States Secret Service and the Sarpy County Sheriff's Office.

Contact

Lecia Wright - Supervisory Assistant U.S. Attorney (402) 661-3700

Updated December 4, 2023

Nigerian National Extradited to Nebraska to Face Fraud Scheme Charge

Tuesday, October 10, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Susan Lehr announced the extradition of Alex Ogunshakin, 40, of Nigeria, to the District of Nebraska on a Conspiracy to Commit Wire Fraud Indictment, filed in August 2019 in Omaha, Nebraska. The Government of the Federal Republic of Nigeria granted the United States' request for extradition, which was submitted in May 2020. Ogunshakin, a Nigerian national, was arrested in Nigeria and ultimately surrendered to the United States. Ogunshakin had an initial appearance on the Indictment on September 29, 2023. United States Magistrate Judge Michael D. Nelson ordered Ogunshakin remain detained pending trial.

Ogunshakin, who was on the FBI Cyber's Most Wanted List, is alleged to have participated in a business email compromise (BEC) scheme from January 2015 to September 2016. The BEC scheme defrauded businesses in the District of Nebraska and elsewhere of more than \$6 million. According to the indictment, Ogunshakin's co-conspirators posed as the chief executive officer, president, owner, or other executive of the targeted company. Using e-mail accounts spoofed to make it appear as though they were from the company's true business executive, Ogunshakin's co-conspirators directed business employees or recipients of the e-mail to complete wire transfers. The business employees, believing the requests were legitimate, complied with the wire transfer requests and wired the money as instructed by Ogunshakin's co-conspirators.

It is alleged Ogunshakin provided bank account information to the co-conspirators who sent the fraudulent e-mails, and which directed business employees to wire money to accounts controlled by Ogunshakin and others. These bank accounts largely belonged to victims of internet romance scams, who were instructed by co-conspirators to transfer the funds to other bank accounts.

Some of Ogunshakin's co-conspirators have already been convicted and sentenced. Adewale Aniyeloye, one of the fraudsters sending the spoofed e-mails to the target business, was sentenced in February 2019 to 96 months' imprisonment and ordered to pay \$1,570,938.05 in restitution. Pelumi Fawehinimi, a bank account facilitator, was sentenced in March 2019 to 72 months' imprisonment and ordered to pay \$1,014,159.60 in restitution. Onome Ijomone, a romance scammer, was sentenced in January 2020 to 60 months' imprisonment and ordered to pay \$508,934.40 in restitution after his successful extradition from Poland. Other co-conspirators remain at large.

FBI Omaha Special Agent in Charge Eugene Kowel said, "Cyber Criminal Alex Ogunshakin worked with other co-conspirators (who remain at large and on the FBI Cyber's Most Wanted fugitive list) to defraud victims in the U.S. of millions of dollars. His indictment, arrest, and extradition should send a message to his co-conspirators and other cyber criminals: The FBI will remain vigilant in their pursuit of criminals both domestic and abroad. Disrupting these cyber criminal groups and their victimization of U.S. persons and businesses is a priority for the FBI, DOJ, and our international law enforcement partners. The FBI wishes to thank its partners in Nigeria, particularly the Economic and Financial Crimes Commission, the Federal Ministry of Justice, and National Central Bureau, Abuja – INTERPOL (Nigeria Police Force), for their past and continued assistance in pursuing those that engage in Business Email Compromise and other fraud schemes."

This case was investigated by the Federal Bureau of Investigation. The Justice Department's Office of International Affairs and the Nigerian Ministry of Justice's Central Authority Unit provided substantial assistance in securing the arrest and extradition of Ogunshakin.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Contact

Donald J. Kleine - Chief, General Criminal Unit (402) 661-3700

Updated October 11, 2023

Omaha Women Sentenced for Paycheck Protection Program Fraud

Friday, October 6, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Susan Lehr announced that Tamika R. Cross, 44, of Omaha, Nebraska, was sentenced today in Omaha by Chief United States District Judge Robert F. Rossiter, Jr. to 42 months' imprisonment for Conspiracy to Commit Wire Fraud. There is no parole in the federal system. After her release from prison, Cross will begin a three-year term of supervised release. Chief Judge Rossiter ordered Cross to pay restitution of \$552,287.26.

Co-defendant Davida J. Anderson, 53, of Omaha, was sentenced on October 5, 2023, in Omaha by Chief Judge Rossiter to four years of probation, with the condition of five months' home detention, and a fine of \$5,000. Anderson pleaded guilty in June 2023 to making False Statements to the Small Business Administration. Anderson was also ordered to pay restitution of \$3,921.60, in addition to the loan repayments she had already made in the amount of approximately \$78,432.

During 2020 and 2021, Cross submitted applications for PPP and EIDL loans on behalf of her purported businesses and herself, as a sole proprietor, and obtained several PPP loans and an EIDL grant. Those loans were created or expanded by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was designed to provide emergency financial assistance to the millions of Americans suffering the economic effects caused by the COVID-19 pandemic.

In the loan applications, Cross misrepresented the average monthly payroll that her purported businesses paid, the net revenue from her purported businesses, and the gross income she received as a sole proprietor. In fact, the businesses did not have employees and thus had no payroll, and Cross did not generate revenue as a sole proprietor.

In addition to loan applications submitted on her own behalf, Cross provided direction and guidance to others concerning creating the appearance of ongoing businesses,

creating phony supporting documents, and obtaining larger loans by inflating the amount the applicant businesses purportedly paid in past compensation or had received in revenue. Cross assisted with preparing fraudulent PPP and EIDL applications on behalf of more than ten other persons. The applications substantially inflated the compensation paid by the businesses and the gross revenues earned by the businesses. Cross also prepared fraudulent documents for submission in support of loan applications, such as false tax documents.

Cross submitted, and assisted others in submitting, fraudulent applications for PPP and EIDL loans and advances totaling \$3,399,769. The applications contained material misrepresentations and were supported by false documents. Cross and the co-defendants obtained approximately \$903,238 in loans and advances.

"This defendant submitted false documents certifying a number of employees and payroll for a business that had neither. She collected PPP loan proceeds based on lies and helped others do likewise," said IRS Criminal Investigation (CI) Special Agent in Charge Thomas F. Murdock. "We are committed to investigating those who defrauded the government and robbed businesses truly in need of pandemic relief."

Co-defendant Anderson submitted or caused to be submitted applications for Paycheck Protection Program loans in 2020 and 2021.

Anderson worked with Cross to prepare and submit loan applications that misrepresented payroll for a purported business, revenue for a sole proprietorship and falsely stated she had no other business. In fact, the business had no employees and Anderson did not earn income as a sole proprietor. The PPP applications were also supported by false tax documents, some of which Anderson signed. Anderson submitted or caused to be submitted fraudulent applications for loans totaling approximately \$118,532, and she obtained \$78,432.

The following co-defendants were sentenced previously:

Bion A. Flint, sentenced on September 15, 2022, to 10 months' imprisonment, three years supervised release, and ordered to pay \$45,833 in restitution;

Jeremy D. Sanders, sentenced on March 10, 2023, to four years of probation, and ordered to pay \$21,304.88 in restitution;

Lakeda R. Sanders, sentenced on March 10, 2023, to four years of probation, and ordered to pay \$27,793.79 restitution; and

Ronnie E. Cross, sentenced on June 23, 2023, to 21 months' imprisonment, three years of supervised release, and ordered to pay \$78,427.30 restitution.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The cases were investigated by the Internal Revenue Service and the Federal Bureau of Investigation.

Contact

Donald J. Kleine - Chief, General Criminal Unit (402) 661-3700

Updated October 10, 2023

Omaha Man Sentenced for Tax Evasion and Role in Multi-Million Dollar Embezzlement

Friday, July 21, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Susan T. Lehr announced that Jeffrey Stenstrom, 42, of Omaha, Nebraska, was sentenced today by United States District Court Judge Brian C. Buescher to 30 months' imprisonment for Income Tax Evasion and 78 months' imprisonment for Conspiracy to Commit Money Laundering; these terms of incarceration were ordered to be run concurrently. There is no parole in the federal system. After his release from prison, Stenstrom will serve a two-year term of supervised release. As part of his sentence Stenstrom was ordered to pay \$5,146,816.51 to victim property owners who were clients of Darland Properties, LLC and \$1,954,505.10 in restitution to the Internal Revenue Service.

Stenstrom also admitted to forfeiture allegations and has forfeited his interest in a 2020 McLaren 600LT Spider, a lake home in Fremont, Nebraska, a home in Queen Creek, Arizona, two commercial properties in Nebraska, nearly \$2.2 million in life insurance policy proceeds, approximately \$ 74,743.00 in currency, and multiple items of jewelry and luxury watches.

Stenstrom owned and operated Stenstrom Services, Inc. (hereinafter SSI) from 2006 through approximately 2021. SSI described itself as a commercial remodeling and repair business. Brett Cook was the Vice President of Darland Properties, LLC. In that role, Cook was entrusted to negotiate prices for work to be completed on properties managed by Darland Properties and authorize payments to be made from the real estate trust accounts of Darland Properties' clients. Stenstrom had been in a decades' long relationship with Cook. Cook is now deceased.

Beginning in approximately 2015, Cook used his position as the Vice President of Darland Properties to direct repair work to SSI. SSI performed no skilled labor, had no employees, and all regular laborers were unskilled. Most of the work SSI performed on behalf of Darland Properties was subcontracted. Cook was the initial point of contact for many of the subcontractors and directed the subcontractors that all work must be run through SSI. Cook and Stenstrom used SSI to fraudulently obtain monies from Darland Properties' clients by causing SSI to bill for work that was not performed, overbilling for work, and causing SSI's inflated invoices to be submitted to insurance companies to obtain insurance proceeds to which Darland Properties' clients were not entitled to.

From 2012 to 2016, Stenstrom derived income from Stenstrom Services. Stenstrom Services generated \$752,744 in 2012, \$469,140 in 2013, \$641,010 in 2014, \$731,091 in 2015, and \$575,466 in 2016. On May 30, 2018, the IRS assessed \$1,725,532.91 related to unpaid income tax owed by Stenstrom. On December 14, 2018, Stenstrom provided a signed Form 433-A to an IRS Revenue Officer. This form omitted numerous assets owned by Stenstrom that were being held in the name of a third party to include a

second home in Queen Creek, Arizona valued at approximately \$1,000,000, a Ferrari 488 Coupe valued at \$200,000 to \$300,000, a boat, an ATV, a Jeep, and a home located in Fremont, Nebraska, valued at approximately \$450,000. Stenstrom also excluded the transfer of a home in Gilbert, Arizona, to another party for below fair market value.

In 2019, the IRS placed a tax levy on Stenstrom's accounts. Cook and Stenstrom ceased directing work to SSI and began directing work to Midwest Property Maintenance Solutions (hereinafter MPMS) which was created by Cook and a family member of Cook. Cook, his family member, and Stenstrom used MPMS to fraudulently obtain money from Darland Properties' clients by billing for work that had previously been completed by SSI, billing for work that was not performed, billing for warranties it did not provide and were previously paid for by Darland Properties' clients, and overbilling for work that was done.

The proceeds from the wire fraud scheme were deposited into SSI's, MPMS's, and Cook's bank accounts where the fraudulently obtained funds were commingled with legitimate funds. The funds were then transferred to various bank accounts held in Cook's name, Stenstrom's name, Cook's family member's name, AZ Midwest Properties, LLC, 14334 Industrial Road, LLC, and B & B Real Estate, LLC (a real estate partnership that Cook was a partner in), where they were further commingled with legitimate funds. The proceeds were then used to acquire residential and commercial real estate, luxury vehicles, life insurance policies, jewelry, watches, credit card purchases, and loan payments. Cook, Stenstrom, and Cook's family member concealed the scheme by laundering the proceeds through various business and personal bank accounts, purchasing and selling the aforementioned assets, and subsequently using those proceeds to acquire additional assets. In total, the scheme resulted in excess of \$5,100,000.00 being fraudulently obtained from Darland Properties' clients for the personal benefits of Cook, his family member, and Stenstrom.

"This case shows that regardless of the tactics used to avoid tax obligations, IRS Criminal Investigation will take all necessary steps to unravel the scheme and bring those who break our tax laws to justice," said IRS-CI Special Agent in Charge, Thomas F. Murdock. "This joint effort with the FBI and the U.S. Attorney's Office demonstrates our commitment to ensuring the tax system is fair for all citizens."

FBI Omaha Special Agent in Charge Eugene Kowel said, "In a clear-cut case of greed, Jeffrey Stenstrom and his co-conspirator embezzled more than five million dollars to support their lavish lifestyle. FBI Omaha is dedicated to investigating and holding accountable those, like Stenstrom, who fraudulently enrich themselves at the expense of their hard-working victims."

"Today's sentencing is the culmination of a three-year investigation into the criminal activities of Jeff Stenstrom and Brett Cook that involved the collaboration of our office and multiple federal and local law enforcement agencies spanning multiple states in addition to a parallel civil suit initiated by our office's asset forfeiture unit," said Acting United States Attorney Susan Lehr. "Today's sentencing is an example of our office's determination to work with our law enforcement partners to aggressively prosecute white collar criminals, to divest those criminals of the wrongfully obtained proceeds, and to seek restitution for victims."

This case was investigated by the Internal Revenue Service-Criminal Investigation and the Federal Bureau of Investigation.

Contact

Donald J. Kleine - Chief, General Criminal Unit, (402) 661-3700

Updated July 21, 2023

Bronx, New York Man Sentenced for Conspiracy to Commit Wire Fraud and Aggravated Identity Theft

Friday, May 12, 2023

Share

For Immediate Release

U.S. Attorney's Office, District of Nebraska

United States Attorney Steven Russell announced that Felix Pena, 34, of Bronx, New York, was sentenced today in Omaha, Nebraska, by Chief United States District Judge Robert F. Rossiter, Jr. for conspiracy to commit wire fraud and aggravated identity theft. Pena was sentenced to 60 months in prison and will also serve 3 years on supervised release. There is no parole in the federal system. Additionally, Pena was ordered to pay \$404,069 in restitution.

This case began in 2017 when Pena, along with others, conspired and agreed together to devise a scheme to defraud Verizon Wireless. Members of the conspiracy did so by acquiring stolen identities of real United States citizens including at least three individuals from Nebraska. The conspiracy members would use the victims' information to create Verizon accounts. Once accounts were created, they would purchase cellphones and accessories that would be billed to the accounts, causing financial loss to Verizon and potential credit damage to the individual whose identity was used. Once purchased, the phones would be shipped back to New York or New Jersey where they would be sold on the black market. In February of 2019, two of the conspirators were arrested after attempting to purchase cellphones using the stolen identity of a Nebraska resident in Kearney, Nebraska thus beginning the investigation of this matter.

Pena's main role in the conspiracy was to run credit reports for the stolen identities so they could determine the credit worthiness of the victim whose identity was being used to open a Verizon account. Pena would also distribute money to the other members of the conspiracy for their roles in the conspiracy. Pursuant to the scheme, Verizon Wireless suffered a loss of \$528,002.33.

This case was investigated by the Federal Bureau of Investigation and Kearney Police Department.

Contact

Michael Norris, Criminal Chief (402) 661-3700

Updated May 16, 2023

Four Men Indicted in Public Corruption Cases

Friday, April 21, 2023

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For Immediate Release

U.S. Attorney's Office, District of Nebraska

United States Attorney Steven Russell announced the unsealing of two related indictments. The indictments were unsealed after this morning's arrests of Omaha City

Councilman Vincent J. Palermo, 49, Former Omaha Police Officer Johnny Palermo, 47, Former Omaha Police Captain and Former PACE Executive Director Richard Gonzalez, 55, and Jack Olson, 66, of Council Bluffs, Iowa. The indictments were returned by the Grand Jury this week in Omaha, Nebraska. The indictments are comprised of multiple counts. Each count is merely an accusation, and all defendants are presumed innocent unless and until proven guilty.

In the first indictment (4:23CR3051), Johnny Palermo, Gonzalez, and Olson are charged with defrauding donors of the Latino Peace Officers' Association ("LPOA"), and the LPOA board. Johnny Palermo and Gonzalez are further charged with defrauding LPOA and Police Athletics for Community Engagement ("PACE") for their own personal benefit. Palermo is separately charged with wire fraud through an alleged false application to obtain a "Paycheck Protection Program" or PPP loan through his purported real estate company, Palermo Investments, LLC. Palermo is also charged with making false statements to the Small Business Administration in an attempt to get an Economic Injury and Disaster or EIDL loan.

Palermo is further charged with defrauding the citizens of Nebraska and the Omaha Police Department of his honest services as a police officer by accepting a stream of financial benefits from Gonzalez and Olson that influenced Palermo to interfere with an ongoing sexual assault investigation for which Olson is the lead suspect.

In the second indictment (4:23CR3052), Johnny Palermo and Gonzalez are charged with conspiring with Omaha City Councilman Vincent J. Palermo to deprive the citizens of Nebraska of Councilman Palermo's honest services through paid travel benefits, including a luxury hotel suite, a trip to Las Vegas, and other destinations, among other items of value in exchange for Vincent J. Palermo's official acts done for the benefit of LPOA and PACE. Johnny Palermo was the President of LPOA and Gonzalez was the Executive Director of PACE and a member of LPOA. Councilman Palermo awarded money to both non-profits and failed to disclose the private benefits that he was receiving while taking official acts for the benefit of LPOA and PACE.

Vincent J. Palermo is further charged with failing to disclose personal benefits, including income, gifts, and other items of value that he received from Omaha Glass Pro, a company that he voted to award city contracts to during the charged timeframes, along with failing to disclose discounted concrete work to his backyard pool that was poured by a concrete contractor that also had contracts with the City of Omaha.

Finally, Vincent J. Palermo is alleged to have concealed his status on federal probation when he applied for a PPP loan for approximately \$68,000 that was later forgiven, which

money went to the benefit of his sole proprietorship, Vinny's Tree Service, and for his personal benefit.

Johnny Palermo faces 15 charges in both indictments. The charges include conspiracy to commit wire fraud and conspiracy to commit honest services fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, each in violation of Title 18, United States Code, Section 1349; wire fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Section 1343; honest services fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Section 1346; and making false statements on loan applications, punishable by up to 30 years' imprisonment, a \$1,000,000 fine, and five years of supervised release, in violation of Title 18, United States Code, Section 1014.

Jack Olson is alleged to have solicited funds for LPOA using the false identity of "Cody Jones." Olson is charged with a total of four violations of public law, to include aiding and abetting Officer Johnny Palermo's honest services fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Sections 1346, 1343, and 2 ; conspiracy to defraud LPOA donors and the LPOA, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Section 1349; and wire fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, each in violation of Title 18, United States Code, Section 1343.

Gonzalez faces a total of 13 charges in both indictments. The charges include conspiracy to commit wire fraud and conspiracy to commit honest services fraud, both punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, each in violation of Title 18, United States Code, Section 1349; wire fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Section 1343; aiding and abetting the honest services fraud of Officer Johnny Palermo, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Sections 1346, 1343, and 2; and making false statements on loan applications, punishable by up to 30 years' imprisonment, a \$1,000,000 fine, and five years of supervised release, in violation of Title 18, United States Code, Section 1014.

Councilman Palermo is charged with nine separate violations of federal law, to include conspiracy to commit honest services fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title

18, United States Code, Section 1349; honest services fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Sections 1846 and 1843; wire fraud, punishable by up to 20 years' imprisonment, a \$250,000 fine, and three years of supervised release, in violation of Title 18, United States Code, Section 1343, and bank fraud, punishable by up to 30 years' imprisonment, a \$1,000,000 fine, and five years, in violation of Title 18, United States Code, Section 1344.

United States Attorney Russell noted that the indictments and today's arrests send an important message to those who breach the public's trust. He added, "I appreciate the tremendous work of the Omaha Division of the Federal Bureau of Investigation and other law enforcement on this important case."

After the arrests, FBI Omaha Special Agent in Charge Eugene Kowel said, "Public corruption is a top criminal priority for the FBI. Special Agents from the FBI Omaha field office, with the cooperation of our federal, state and local law enforcement partners, worked hundreds of hours on the investigation that led to today's arrests. We especially appreciate our partnership with the Omaha Police Department in this case. Corruption tears at the foundation of our democracy. No level of corruption should be tolerated or accepted."

Each of the defendants will make their initial appearance on Monday at 1 p.m. in Lincoln, Nebraska.

This case was investigated by the Federal Bureau of Investigation.

Contact

Michael Norris - Criminal Chief (402) 661-3700

Updated April 24, 2023

Council Bluffs Woman Sentenced for Wire Fraud

Thursday, January 12, 2023

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For Immediate Release

U.S. Attorney's Office, District of Nebraska

United States Attorney Steven Russell announced that Loretta L. Janssen, 58, of Council Bluffs, Iowa, was sentenced today by United States District Judge Brian C. Buescher to 12 months' and one day imprisonment for wire fraud. After Janssen's release from prison, she will begin a three-year term of supervised release. There is no parole in the federal system. Janssen was also ordered to pay restitution of \$200,963.11.

During 2015 to 2021, Janssen paid her personal credit card using funds drawn from a business bank account of her former employer, for whom she had worked as a bookkeeper. The former employer did not authorize any of the payments. Each month from June 2015 to July 2021, Janssen initiated the payment of her personal credit card, using her online account, and selected the former employer's bank account as the source for the payments. The cumulative total was \$200,963.11.

This case was investigated by the United States Secret Service and the Sarpy County Sheriff's Office.

Grand Jury - October 2022

Wednesday, October 19, 2022

Contact

Lacie Brown, age 21, of Sutherland, Nebraska, is charged in a two-count Indictment. Count I charges Brown with identity theft on or about July 28, 2020. The maximum possible penalty if convicted is 15 years' imprisonment, a \$250,000 fine, a three-year term of supervised release, and a \$100 special assessment. Count II charges Brown with identity theft on or about January 3, 2021. The maximum possible penalty if convicted is 15 years' imprisonment, a \$250,000 fine, a three-year term of supervised release, and a \$100 special assessment.

Elkhorn Woman Sentenced to Five Years for Embezzlement

Friday, June 17, 2022

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For Immediate Release

U.S. Attorney's Office, District of Nebraska

Acting United States Attorney Steven Russell announced that Kimberley Kaye Brummett, 59, of Elkhorn, Nebraska, was sentenced today by United States District Court Judge John M. Gerrard to a five-year term of imprisonment following her conviction for two counts of wire fraud. After she completes her prison sentence, Brummett will serve three years on supervised release. There is no parole in the federal system.

Brummett was a financial controller for Taste Traditions, a manufacturer of food products for organizations such as schools and for retail. Taste Traditions was acquired by Wald Family Foods in 2012. Both before and after it was acquired by Wald Family Foods, Brummett worked out of a Taste Traditions plant in Omaha, Nebraska. Wald Family Foods is owned by TOBA, Inc., a company headquartered in Grand Island, Nebraska. After the acquisition, Brummett's new role entailed her working as the controller for three manufacturing facilities owned by Wald Family Foods, including the Taste Traditions facility located in Omaha. Brummett continued working for Taste Traditions until October 10, 2019, when her position was absorbed by TOBA, Inc.

Both before and after the acquisition, Brummett was engaged in a scheme to defraud Taste Traditions. GIX Logistics, Inc. is a business located in Grand Island that coordinates trucking services for companies. They provided services to TOBA, Inc. and Taste Traditions. Brummett was not associated with and has not worked for GIX Logistics, Inc. Brummett opened an account with Centris Federal Credit Union in Omaha under her name and doing business as "GIX Logistics," but omitted the "Inc." that is used by the real "GIX Logistics." In the forms Brummett completed when she opened the account, the business was listed as a sole proprietorship owned by Brummett. Taste Traditions and Wald Family Foods did not enter into any contract to obtain products or services from the GIX Logistics entity created by Brummett and none were provided. Between 2013 and 2019, Brummett submitted numerous false invoices under the "GIX Logistics" name. Taste Traditions would then issue checks to pay the phony invoices and Brummett deposited those checks into the fake GIX Logistics account she created. Between 2013 and the end of her employment in 2019, Taste Traditions paid out a total

of \$1,666,128.13 to Brummett's fictitious company. As part of her sentence, Judge Gerrard also ordered Brummett to pay restitution in that amount.

During the sentencing hearing, Judge Gerrard discussed how Congress and the United States Sentencing Commission have expressed a clear intent to punish white-collar offenders with prison sentences.

This case was investigated by the Federal Bureau of Investigation and the Nebraska State Patrol.

Updated June 22, 2022