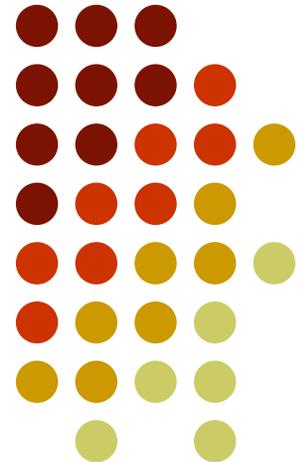


2007 Trends and Developments in Katrina/Rita Fraud Prosecutions

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FEMA/Red Cross Fraud



- Substantial Numbers of Individual Fraud
 - Middle District of Alabama: Oct. 1, 2007 – 14 individuals indicted
 - Arrested in two-day operation with U.S. Marshals Service
 - Three charged with aggravated identity theft (false SSNs)
 - Southern District of Mississippi: July 16, 2007 – Minneapolis, MN woman sentenced for FEMA false claim (U.S. v. Mackey)
 - Received FEMA rental and disaster assistance
 - Southern District of Mississippi: June 26, 2007 – Defendant pleaded guilty to fraud charges
 - Defendant charged with making 8 separate claims for Red Cross assistance in Mississippi, Georgia and Florida
 - Used a debit card she received at a Tampa shelter to obtain cash at an ATM in Gulfport
 - Obtained \$12,749 in Red Cross disaster assistance.

FEMA/Red Cross Fraud



- Substantial Numbers of Individual Fraud
 - District of Columbia: Feb. 5, 2007 – Defendant sentenced to 102 months imprisonment for FEMA-related fraud (U.S. v. Rothschild)
 - Defendant applied for emergency FEMA funds using the names, DOBs, and SSNs of other individuals, none of whom had given him permission to apply for such benefits on their behalf
 - Obtained most of the information through Martindale-Hubble legal directory and various other public databases, as well as through his previous job at a construction company
 - Received 38 Treasury checks totaling more than \$100,000
 - Southern District of Indiana: Jan. 31, 2007 – Bloomington, IN man charged with FEMA-related fraud (U.S. v. King)
 - Defendant had two SSNs issued to him by SSA, having fraudulently convinced SSA that he was the victim of fraud and that his original SSN had been compromised

FEMA/Red Cross Fraud



- Few Go to Trial
 - Southern District of Mississippi: Sept. 5, 2007 – Defendant convicted on all six counts of FEMA-related fraud (U.S. v. Hale)
 - Middle District of Louisiana: Aug. 29, 2007 – Defendant convicted on both counts of FEMA-related fraud (U.S. v. Jackson)

FEMA/Red Cross Fraud



- Few Go to Trial
 - Middle District of Alabama: Apr. 2, 2007 – Defendant convicted on 22 counts involving false claims, theft of government funds, threatening witness from another Katrina case, drug distribution, weapons charges, and lying to federal authorities (U.S. v. Willis)
 - Assisted in stealing or stole approximately \$50,000 in FEMA funds
 - Threatened another witness who was to testify against her about her FEMA claims
 - Brandished a firearm when threatening the witness
 - While executing search warrant on her residence, agents discovered marijuana packaged for distribution and more guns in the house
 - Faces minimum 34 years imprisonment

FEMA/Red Cross Fraud



- Significant Instances of FEMA Fraud Conspiracies
 - Middle District of Louisiana: Sept. 14, 2007 – Three defendants pleaded guilty to fraud charges stemming from scheme involving at least 50 false and fraudulent disaster unemployment claims that were filed with Louisiana Department of Labor (LDOL) seeking disaster unemployment payments of more than \$120,000 after Katrina (U.S. v. Whitfield et al.)

FEMA/Red Cross Fraud



- Significant Instances of FEMA Fraud Conspiracies
 - Southern District of Texas: Aug. 16, 2007 – Indictment unsealed charging 10 people with conspiring to file more than 75 fraudulent claims for Katrina/Rita assistance
 - Three defendants allegedly obtained SSNs and DOBs from residents of apartment complexes in Houston and provided that information to fourth defendant, who then filed FEMA claims in those persons' names even though they were living in Houston when Katrina and Rita struck
 - Number of the individuals listed in the claims, including fourth defendant, were living in HUD Section 8 housing in Houston prior to Katrina and Rita
 - Fourth defendant filed more than 75 claims on which FEMA paid \$92,958

FEMA/Red Cross Fraud



- False Billing for Short Term Lodging Program
 - Southern District of Texas: Sept. 26, 2007 – Principal owner of Flagship Hotel Ltd. Pleaded guilty to filing false claim (U.S. v. Yeh)
 - Defendant billed FEMA for rooms in the names of individuals who had not checked into the hotel, including relatives and friends of defendant who were not hurricane evacuees, the names of hotel employees, and others who did not stay at hotel

Financial Institution Fraud



- Middle District of Louisiana: Sept. 18, 2007 – Defendant pleaded guilty to three counts of false statements to financial institutions (U.S. v. Goynes)
 - Defendant and her employer (L.F.) began discussions with KeyPoint Federal Credit Union to arrange for a small business loan in the amount of \$409,891.98
 - In the course of those discussions, defendant falsely represented to KeyPoint that L.F. had been approved for a disaster loan from SBA, pretended to be an SBA employee, and falsified an SBA “Mortgage Loan Commitment” and an SBA “Unconditional Guarantee” which were presented to KeyPoint
 - KeyPoint approved and funded loan
 - Defendant also negotiated with American Gateway Bank on behalf of L.F. for a loan of approximately \$2.4 million
 - Defendant again pretended to be an SBA employee and provided American Gateway with an appraisal of collateral property valued at \$3,410,000, stating that the appraisal was requested by SBA and prepared by an SBA employee, with a cover letter on SBA letterhead.
 - Also falsely represented to American Gateway that L.F. had been approved for a disaster loan from the SBA
 - American Gateway approved and funded three loans with L.F. totaling approximately \$2,487,000

Procurement Fraud



- Southern District of Mississippi: May 18, 2007 – Three defendants sentenced to 33, 25, and 13 months imprisonment on charges of conspiring to defraud the United States
 - Conspiracy involved creation and submission of false debris removal load slips in the amount of \$716,677
 - Two defendants worked for debris-removal monitoring company and submitted false slips misrepresenting that loads were delivered to dump site; third defendant, contractor, caused cash to be paid to other defendants

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