



# U.S. ATTORNEY'S QUARTERLY

## VIOLENT SOUTHWEST PHILLY DRUG GANG CONVICTED

On October 6, 2010, after months of investigation, federal agents arrested nearly a dozen members of a violent drug gang plaguing Southwest Philadelphia's Bartram Village development. An indictment named 20 defendants, members of the so-called "Harlem Boys," in a racketeering conspiracy. The majority of defendants pleaded guilty.

On December 6, 2012, a federal jury found the last seven defendants guilty of the conspiracy and multiple other charges. The lead gunman of the gang, Ramel Moten, went to trial with co-defendants

Bryan Hill, Reginald Stephens, Warren Stokes, Hikeem Torrence, Merrell Hobbs, and Khalil Allen. Moten faces a mandatory minimum term of 150 years in prison; the remaining defendants face a mandatory minimum of 10 years with a maximum possible sentence of life. Sentencing dates have not yet been set.

The "Harlem Boys" controlled drug distribution in and around the Bartram Village neighborhood. Intruders often met with violence. The gang would frequently rob the outsiders and

share in the profits. Members traded guns among themselves to use during violent crimes and when selling controlled substances. The "Harlem Boys" distributed crack cocaine, marijuana, and prescription medications, at times near schools, playgrounds and basketball courts within the BVHD.

The case was investigated by the Bureau of Alcohol, Tobacco, Firearms & Explosives and the Philadelphia Police Department. Salvatore Astolfi & Katayoun Copeland prosecuted.

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

On any given day, you can pick up a local newspaper, tune in to a broadcast newscast, or go to an online news source and read about a shooting -- often deadly -- in our district. This office, as well as the District Attorneys' Offices in our district, have a responsibility to bring to justice those people who commit violent crimes and those who assist the perpetrators. One crime that receives very little media attention is straw purchasing. For those of you who aren't familiar with this issue, a straw purchaser is someone who buys a firearm for another person and falsely states on the firearm purchasing form that he is purchasing the gun for himself. In many cases, the ultimate recipients of the illegally purchased guns are criminals who are prohibited from owning a firearm and would fail a background check if they tried to purchase the gun themselves. Typically, the straw purchaser is the girlfriend of the criminal who talks her into buying the gun for him. What the girlfriend often does not realize is that by purchasing a gun which has a high probability of being used by another in a future crime, she faces serious consequences including possible prosecution for a felony which carries jail time. Felony convictions can have dire collateral consequences for the straw purchas-

er, especially if she has children. She could lose custody of her child, she could lose her job, and if she loses her job, she could lose her home. More importantly, if the gun that she straw purchased is used to seriously injure or kill someone, as is too often the case, the gun buyer faces the possibility of additional jail time and has to live with the knowledge that she contributed to the loss of life or serious injury. With all this in mind, we are aggressively prosecuting straw purchasing cases and attempting to educate the public to prevent people from engaging in this activity.

On page 3 you can read about our latest accomplishment in this effort to educate the public. We engaged a group of youth, who themselves were in the juvenile justice system, in a thought-provoking project focused on gun violence. They created a video, entitled "One Gun," which focused on a straw purchaser, the path of the gun that was obtained, and the violence and devastation that just one gun - and the straw purchase - left behind. We have made strides in our violence prevention efforts but we still have much work to do. Understanding that there is

no panacea, we continue to take multiple and different approaches to reach out to the adults of tomorrow in order to help them make better choices and improve the quality of life in our communities.

Simply put, illegally purchased guns contribute significantly to the high levels of violence we see on a daily basis, particularly in our urban areas. As a community, it is incumbent on all of us to do whatever we can to end violence. That could mean reporting an illegal gun owner, an illegal gun buyer, or an illegal gun seller, or just reaching out to a youngster in need of support or guidance. No one chooses to live in fear and no one wants to live in an environment where gun violence is acceptable or considered the new "normal." I hope that you will join me in this effort as my office, partnering with federal and state law enforcement, continues to aggressively combat firearms violence.

-Zane David Memeger



## DOCTOR CHARGED IN DRUG DEATH

On November 29, 2012, more charges were filed against Dr. Norman Werther, of Horsham, PA, most notably distribution of a controlled substance resulting in death. It is the first such case in the Eastern District of Pennsylvania. The charges allege that Werther conspired with six separate groups of drug dealers enabling them to sell prescription drugs on the street. At the time, Werther was a physician running a physical therapy and rehabilitation practice in Willow Grove. In addition to the count of causing a death, he is charged in multiple counts of conspiracy to distribute controlled substances, distribution of controlled substances, maintaining a drug-involved premises, and money laundering. He faces a mandatory 20 years and a maximum sentence of life in prison if convicted of all charges. According to the indictment, the drug traffickers recruited large numbers of pseudo-patients who paid an office fee to Werther, usually \$150. Werther would write prescriptions for them to obtain oxycodone-based drugs without there being a legitimate medical purpose for the prescription and outside the usual course of professional practice. The "patients" were then driven to various pharmacies to have their prescriptions filled. The drugs were then turned over to the drug dealers so their organizations could sell them. At least one of the drug trafficking organizations working with Werther trafficked pills valued at more than \$5 million that Werther is alleged to have illegally prescribed.

## Phony Chiropractor Sentenced

In October, Tahib Smith Ali was sentenced to 72 months in prison for posing as a chiropractor, between January 2009 and December 2009, and fraudulently billing Independence Blue Cross ("IBC") under the name of and medical provider number of a licensed chiropractor. Ali was operating a Philadelphia clinic, known as "Oasis Holistic Healing Village" on S.17th Street in Philadelphia, when he perpetrated his fraud scheme. He saw patients and represented to them that he was a chiropractor. He holds no medical licenses. He submitted approximately \$1.5 million in fraudulent claims for chiropractic services to IBC under the name and medical provider number of a licensed chiropractor who no longer worked at the clinic. Ali also billed IBC for chiropractic services that were never actually provided and for patient visits that never occurred. He pleaded guilty to health care fraud, false statements, and aggravated identity theft.

## Man Charged With Fraud Relating To Wife's Dialysis

In November, Darwin D. Dieter was charged in connection with a health care fraud scheme involving his wife's dialysis. Dieter, a former employee of a direct mail company located in Hamburg, PA, allegedly stole over \$500,000 in checks that were issued by his insurance company for payment of his wife's treatments and retained the proceeds of the checks instead of paying for the dialysis treatments. It is further alleged that Dieter laundered the proceeds of the checks. Dieter is charged with nine counts of theft from health care benefit programs, and three counts of money laundering. If convicted, he faces a maximum possible sentence of 120 years imprisonment, a \$2.75 million fine, and a \$1,200 special assessment, along with restitution and forfeiture.

## PROTECTING THE RIGHTS OF CONSUMERS AND PATIENTS

In November, the U.S. Attorney's Office filed a complaint alleging that First Bank of Delaware engaged in a scheme with fraudsters to take money from consumers' bank accounts without authorization. The government alleged that the bank engaged in wire fraud against consumers by originating debit transactions using "remotely-created checks" on behalf of third-party payment processors and fraudulent internet and telephone merchants. The government alleged that the bank knew, or should have known, that the merchants were engaged in fraud against consumers. To settle the case, the bank - which forfeited its charter and is now dissolved - paid a \$15 million civil money penalty to the United States Treasury and established a fund to pay consumer restitution.

In November, a joint agreement was announced with Cathedral Village, a Philadelphia Continuing Care Retirement Community, with respect to the care it provides to residents of "Bishop White Lodge" nursing home and the Alzheimer's patients in its Dementia Unit. The agreement: (1) embodies and effectuates quality of care enhancements to residents with Alzheimer's disease and memory-impairment-related illnesses; and (2) ensures that the United States remains apprised of those enhancements over the next three years. The agreement follows a period of discussions between the parties during which Cathedral Village engaged a corporate compliance consultant group to assist with enhancing Bishop White Lodge's policies and procedures. Cathedral Village agrees to create a \$45,000 Quality of Life Fund that must be spent on quality-of-care enhancements other than those budgeted for in the ordinary course of business and agrees to have its Director of Nursing and Nurse Managers professionally certified in Gerontological Nursing.

In November, the United States reached a settlement agreement with the University of Pennsylvania Health System, Clinical Health Care Associates of New Jersey and Presbyterian Medical Center of the University of Pennsylvania Health System ("the Penn Entities") to resolve alleged claims of violations of the Stark Act and Anti-Kickback Act. The Penn Entities have agreed to pay the United States \$282,159 to resolve this matter. The United States claims that, in violation of the Stark Act (which governs relationships between hospitals and physicians) and the Anti-Kickback Act, the Penn Entities failed to renew existing written agreements and thus to document and memorialize in written contracts their continued relationships and agreements with The Cardiology Group, P.A. regarding interventional cardiology services in 2011 and electrophysiology services in 2010 and 2011. The Penn Entities brought this matter to the government's attention by voluntarily disclosing their failure to have the requisite written agreements in place.



## CRIMEBUSTERS: Department of Labor Office of Inspector General

An interview with Special Agent-in-Charge John Spratley, of the Department of Labor Office of Inspector General in Philadelphia:

### **-What is the mission of DOL-OIG?**

We are responsible for conducting criminal, civil, and administrative investigations relating to violations of Federal laws, rules or regulations as they pertain to DOL programs, grants, contracts, and operations, as well as allegations of criminal activity and serious misconduct on the part of DOL employees. In addition, the OIG is unique among Inspectors General because it has an "external" program function to conduct criminal investigations to combat the influence of labor racketeering and organized crime in the nation's labor unions. We conduct labor racketeering investigations in three areas: employee benefit plans, labor-management relations, and internal union affairs.

### **-What types of crimes or civil remedies does DOL-OIG pursue that the general public might not know?**

Labor racketeering refers to the infiltration, domination, and/or use of a union or employee benefit plan for personal benefit by illegal, violent, or fraudulent means. When Congress provided the DOL-OIG with the authority to conduct labor racketeering investigations (in 1978), these crimes were generally committed by "traditional" La Cosa Nostra (LCN) groups, also known as the "mob" or the "Mafia." However, in recent years, there has been a rapid rise of transnational organized crime groups and enterprises that are engaging in criminal schemes. These "nontraditional" groups include groups from Asia, Russia, Eastern Europe, and West Africa, and they have engaged in labor racketeering, complex financial schemes, and other crimes against workers in both union and nonunion environments. In addition, we have found that these "nontraditional" groups are engaging in immigration fraud, exploitation of undocumented aliens, and fraud against government benefit programs including the Department of Labor's foreign labor certification and Unemployment Insurance programs.

### **-How did you come to join the Department of Labor-OIG?**

While a student at Drexel University, I completed a co-op with the Internal Revenue Service. I eventually returned to the IRS as a revenue agent. It was during this assignment that I was exposed to the IRS' Criminal Investigation Division and eventually became a special agent. As an IRS special agent, I worked a joint investigation with the DOL-OIG and learned about its programs. I decided to transfer to DOL-OIG because of the organizational size and unique investigative mission. This career move has opened doors that enabled me to experience different aspects of federal law enforcement both as a working agent and supervisor.

### **-What is the most important function of the agency?**

The most important function of DOL-OIG is to support the American worker by investigating labor racketeering violations to include organized crime influence involving unions, employee benefit plans (pension, health and welfare plans) and labor-management relations. As mandated by Congress, we are committed to protecting the American workforce from criminal enterprises. We continue to collaborate with the federal, state and local law enforcement community along with federal and local prosecutors to maximize our effort in reducing civil and criminal violations.

### **-How does the general public reach the agency if they have a question or they want to report an activity for investigation?**

The DOL-OIG operates a hotline to receive and process allegations of fraud, waste, and abuse concerning DOL grants, contracts and programs, in addition to labor racketeering violations. The DOL-OIG also addresses allegations of criminal activity and serious misconduct involving DOL employees. If someone has information regarding any violations mentioned above, they are encouraged to call the OIG Hotline number at 202-693-6999 or 1-800-347-3756 or email us at [hotline@oig.dol.gov](mailto:hotline@oig.dol.gov).

## OUTREACH THIS QUARTER

On December 18, 2012, U.S. Attorney Zane David Memeger hosted the second "Voices of Youth Film Festival" at Enon Tabernacle Baptist Church in Northwest Philadelphia. This year the project took on adjudicated youth who worked with The Village of Arts and Humanities to craft a video on violence prevention. The result was "One Gun," a fictional account that follows the trail of one gun that is straw-purchased by an unsuspecting young woman. The video conveys a powerful message about the possible trail an illegal gun can take and the carnage it can leave behind. This office initiated the youth violence prevention program in 2010. This year, we partnered with Philadelphia Family Court Administrative Judge Kevin Dougherty, as well as the city's juvenile probation department. We plan to share the video with public school students and other youth in the community.

Also this quarter, we completed another successful program, this time with Kensington Health Sciences Academy High School. An attention-grabbing assembly featuring speakers from the U.S. Attorney's Office and the Philadelphia Eagles took place at the school this Fall. School faculty, staff members and peer leaders play an integral part in this effort. Faculty, staff members and student leaders were also provided with training on bullying, violence, and adolescent development. The training served to familiarize attendees with the extent of violence in Philadelphia, provided an understanding of the impact of long-term exposure to violence, and gave them the tools to discuss violence with students. The goal of the partnership is to educate the students about the tragic impact of violence by initiating a dialogue. The discussions focus on the impact that violence has on their lives, their families, their school, and their community; the importance of good decision-making; the consequences that flow from criminal behavior; and a better understanding of the challenges they face in avoiding violence.





## CRIME & PUNISHMENT:



### CHARGED:

#### October 2012:

Members of an alleged Dominican-based drug trafficking organization were charged with conspiracy to distribute a kilogram or more of heroin and various other charges. The indictment alleges that the 21 defendants were members of the Acosta-Cruz Drug Trafficking Organization (DTO) and were engaged in trafficking heroin in Philadelphia and elsewhere. Francisco Javier Acosta-Cruz is the alleged leader of the DTO. According to the indictment, the DTO obtained the heroin from sources of supply in New York and elsewhere and distributed the drugs in various areas of Philadelphia.

#### November 2012:

Joseph Paul Beck was charged with wire fraud in connection with an investment and loan scam. Beck allegedly devised a scheme for inducing people to purchase "shelf corporations." Beginning in early 2011, Beck used his own shelf corporation, Washington Integrity, Inc., to facilitate the scheme. Beck was the sole owner of Washington Integrity, Inc. Washington Integrity had no business except to funnel money from Beck's scheme into his control. Beck told potential buyers, who were people and companies that could not get funding from ordinary financial institutions, that he could get them loans substantially greater than any available to them from commercial institutions, with the purchase of a shelf corporation from Washington Integrity. Beck's alleged victims were defrauded of a total of \$171,000.

#### December 2012:

Arlene Gerson was charged with abusing her position as a pharmacist to conspire with Jeffrey Handy in the illegal dis-

tribution of oxycodone. Gerson allegedly accessed blank prescription pads and created phony prescriptions. Gerson, Handy, or one of their associates then had the phony prescription filled. Gerson and Handy allegedly sold a portion of the controlled substances for a profit.

### CONVICTED:

#### October 2012:

George Baginyan, of California, pleaded guilty to defrauding Medicare in connection with his operation of a fraudulent clinic. Baginyan owned New Era Health Center Inc. ("New Era"), located near the Einstein Medical Center in Philadelphia. Baginyan used the National Provider Identification number (NPI) of an elderly and frail doctor of osteopathy to bill Medicare for medical services and tests, making it appear that the doctor had provided those services and tests when he had not, and when in fact the doctor had never set foot in New Era. In total, it is charged that the defendant caused the submission of fraudulent bills to Medicare totaling approximately \$248,000, resulting in payments from Medicare totaling approximately \$132,848.81. A sentencing hearing is scheduled for May 1, 2013.

#### November 2012:

A federal jury found John Angell guilty of eight counts of traveling to have sex with a minor and aggravated sexual abuse. Between June 2001 and June 2007, Angell, while working as a driver for the father of a minor, would drive the victim between the father's house in Pennsylvania and the mother's house in New York. On several occasions during that time period, Angell sexually assaulted the minor while stopped at various rest areas. Angell faces a maximum sentence of life.

#### December 2012:

Katherine Harrell pleaded guilty to lying to the U.S. District Court during her sentencing hearing on her embezzlement conviction in order to avoid a prison term. Harrell told U.S. District Court Judge Anita Brody that she was caring for an infirmed parent following the death of her brother, none of which was true. She will be resentenced in March.

### SENTENCED:

#### October 2012:

Anthony J. DeMarco, III, was sentenced to 25 years in prison for a foreclosure rescue scam that defrauded struggling homeowners and several lenders.

Yi Ping Zheng was sentenced to 44 months in prison and ordered to pay a \$2,500 fine for trafficking in counterfeit goods, which he was selling out of the store New Discoveries Handbags, at 643 South Street in Philadelphia. More than 3,000 pieces of counterfeit merchandise with a manufacturer's retail sales price of approximately \$1,250,000 were seized from the store.

#### November 2012:

Michael Giamo was sentenced to 16 years for conspiring to burn down his auto repair shop, One Source Motors, on May 24, 2010, in Philadelphia, in order to collect the insurance proceeds. In the aftermath of the fire, Giamo collected more than \$127,000 in insurance proceeds, lied to investigators and attempted to destroy incriminating records.

Florence Kingsley was sentenced to 21 months in prison for a scheme to defraud the Federal Food Stamp Program. Kingsley, who owned Aunt

Florence's West African Food Market in Darby, PA, exchanged Food Stamp benefits for cash over a period of several years, in violation of federal law. In one instance, Kingsley purchased \$200.23 in Food Stamp benefits and gave the Food Stamp recipient \$120 in cash, keeping the remaining monetary value for herself. The Court determined that Kingsley defrauded the government program of a total of \$225,000, and she was ordered to pay restitution in that amount.

#### December 2012:

James Elliott, of Windsor, Ontario, Canada, was sentenced to 96 months in prison for his role in a conspiracy to import large amounts of ecstasy pills from Canada into the United States. Elliott helped recruit and organize a group of smugglers, mostly from the Windsor area, who imported large quantities of drugs into the United States. These drugs were manufactured in Canada by Asian drug trafficking organizations. These organizations then hired Elliott and his couriers to transport the drugs to other drug dealers across the United States. Elliott's offense conduct came to light in September 2007 when two couriers were stopped in Philadelphia by law enforcement officers who seized 102,000 ecstasy pills which were to be distributed to drug dealers in Philadelphia and Boston.

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

[www.justice.gov/usao/pac](http://www.justice.gov/usao/pac)