

U.S. ATTORNEY'S QUARTERLY

Violent Loan Sharks Get Long Prison Terms



Inside this issue:

Child Predators	2
Crimebusters: DEA	3
Crime & Punishment	4

PHILADELPHIA – On June 11, 2015, Ylli Gjeli and Fatimir Mustafaraj were sentenced to 168 months in prison and 147 months in prison, respectively, for running a violent loan sharking and illegal gambling ring that operated out of several Philadelphia businesses. The defendants generated money by making and collecting on loans with usurious rates of interest; using intimidation, threats, and violence to make and collect on loans; and making loans to betting customers whose debts were incurred through the enterprise's illegal gambling business. Gjeli, Mustafaraj and their co-defendants, Gezim Asllani and Rezart Rahmi Telushi, were convicted of racketeering conspiracy, racketeer-ing, collection of unlawful debt, and collections of extensions of credit by extortionate means. Between October 2011 and 2013, the enterprise made 125 usurious loans totaling \$1.78 million with annual interest rates ranging from 104 percent to 395 percent. From February 2007 to August 2013, the organization's online sports betting website contributed more than \$2.9 million in gross profits. The ring's leaders used intimidation and threats of violence against customers, collected weekly loan payments, physically assaulted subordinate members and associates, supervised the illegal gambling business, provided cash to pay customer's gambling wins and otherwise financed the gambling business. Members and associates of the enterprise cultivated their reputation for violence by threatening customers with dangerous weapons such as a firearm and hatchet; using implied threats and intimidation; telling customers that if they did not pay their debts someone would kill them, "break your legs," or physically harm them or their family members in some other way; and physically assaulting subordinate members and associates. Co-defendants in the case are awaiting sentencing.

Indictment Charges 37 Alleged Members Of Drug Trafficking Group

PHILADELPHIA – On June 2, 2015, a 108-count superseding indictment was unsealed charging 37 people as participants in a multi-state heroin trafficking organization with ties to Mexico. Members of the Laredo Drug Trafficking Organization (DTO) are charged with the distribution and attempted distribution of multi-kilogram quantities of heroin in Philadelphia. According to the indictment, since 2008, the Laredo DTO has manufactured and imported heroin from its operation in Mexico and supplied other DTOs in Philadelphia, Pennsylvania, in Camden, New Jersey, in Chicago, Illinois, and elsewhere. Brothers Antonio and Ismael Laredo, the alleged leaders of the Laredo DTO, are charged with engagement in a continuing criminal enterprise. They allegedly supervised 21 defendants who are charged with participation in a conspiracy to import heroin from Mexico into the United States, and conspiracy to distribute kilogram quantities of heroin manufactured in, and smuggled from, Mexico into the United States. According to the superseding indictment, the Laredo DTO smuggled-in from Mexico approximately 1,000 kilograms of heroin using various concealment techniques including placing kilogram quantities of heroin in car batteries, car bumpers, concealed vehicle traps, and sealed fruit and vegetable cans. Antonio and Ismael Laredo allegedly recruited and hired couriers in the United States to transport and deliver multi-kilogram shipments of heroin, originating in Mexico, to heroin distributors affiliated with the Laredo DTO located in Philadelphia, Pennsylvania, Camden, New Jersey, Chicago, Illinois, Atlanta, Georgia, and New York, New York. Defendant Antonio Marcelo Barragan allegedly served as a Mexican-based supplier of raw opium. Defendant Alejandro Sotelo allegedly served as a stash house operator and distributor of the DTO's product in Chicago, Illinois, where he arranged trans-shipment of multi-kilogram quantities of heroin to Philadelphia, New Jersey and New York. It is further alleged that the Laredo DTO supplied street level heroin bagging and packaging operations in Philadelphia; that heroin, in quantities ranging from 15 to 50 kilograms at a time was regularly moved between the Chicago operation and the Philadelphia operation; and that members of the DTO, including the Laredo brothers, used violence, such as assaults and kidnapping, threats of violence, including murder and arson, and firearms to protect the DTO's product and proceeds and to prevent members from withdrawing from the organization. The superseding indictment alleges that the Laredo brothers arranged for the manufacture and production of car batteries in Mexico containing concealed compartments to hold multiple kilograms of heroin which were then used to surreptitiously import heroin into the United States. The indictment further alleges that the Laredo brothers had numerous relatives and associates set up "funnel accounts" that were used for the purpose of laundering the proceeds of the drug operation back to Mexico. This case is pending trial.

FRAUD SCHEMES

April: Dean Rossi, a real estate investor, was arrested in connection with an alleged mortgage fraud scheme. The indictment alleges that Rossi misappropriated in excess of \$643,000 from real estate closings. After obtaining bank loans to purchase or refinance residential properties, Rossi allegedly teamed up with title/closing agents to divert a substantial portion of the loan proceeds. Rossi allegedly received cash from the settlements that otherwise should have been used to pay off prior mortgages and tax liens on certain properties. To prevent the scheme from being detected, Rossi allegedly continued to cause payments to be made on the prior existing mortgages years after those loans were supposed to have been paid in full. Trial is scheduled for November.

Abdoulaye Diallo and Lassana Nianghane were charged with conspiracy to commit offenses against the United States Department of Agriculture's (USDA) Supplemental Nutrition Assistance Program (SNAP). Diallo, who owned and operated Brothers Food Market in Philadelphia, allegedly trafficked in SNAP benefits with SNAP program beneficiaries by purchasing benefits for cash, which is illegal. Nianghane allegedly acted as the initial contact person for beneficiaries who wanted to sell their SNAP benefits for cash. Between June of 2011 and May of 2014, according to the indictment, Diallo fraudulently submitted to USDA, on behalf of Brothers, total SNAP reimbursements of approximately \$1.1 million.

May: David Fili, Jr., pleaded guilty to a \$9.7 million scheme. From 2005 to March 2013, Fili, co-owner of Capital Financial Mortgage Corporation ("CFMC"), defrauded numerous lenders into purchasing mortgages issued by CFMC that were represented as first mortgages but that were, in reality, worthless second mortgages. He also defrauded other lenders who loaned money to CFMC and used the fraud proceeds to make payments on a vacation home and for extensive casino and sports gambling.

June: Kenneth Kapikian and Dennis Gagliardi pleaded guilty to defrauding the University of Pennsylvania. The pair engaged in a scheme to falsely bill the university for services the defendants never provided. They directed vendors of the Sheraton University City Hotel to inflate their invoices submitted to the hotel and then pay the fraudulently inflated amounts as kickbacks.

CHILD PREDATORS SENTENCED TO LONG PRISON TERMS

April: Christopher Steibing, of Ewing, NJ, was sentenced to 28 years in prison for coercing a minor to engage in sexual conduct. The defendant pretended to be a 14-year old boy, online, while sending messages to a 13-year old girl whom he persuaded to take nude photos of herself. He also kept and distributed images of child pornography in which the face of his own 11-year old daughter had been digitally "morphed" onto the bodies of minors engaged in sexually explicit conduct.

Adrian Palmer, of Philadelphia, was sentenced to 80 months in prison for sex trafficking of girls. Palmer, a motel security guard, provided protection and assistance to sex traffickers operating at the motel in exchange for a fee. Palmer also helped a sex trafficker avoid detection by law enforcement.

Thomas Silber, of Yardley, PA, was sentenced to 14 years in prison for receiving 10 DVDs containing child pornography. After ordering the DVDs, Silber contacted the videos' producer and arranged to meet with at least one of the children depicted, who lived in Ukraine. Silber then traveled to Ukraine on multiple occasions to engage in sexual activity with that child. Locally, Silber was employed as a school bus driver, Little League baseball umpire, and youth wrestling referee.

May: Matthew Krapf, of Collegeville, PA, was sentenced to life in prison for child exploitation. Krapf met his victims online and went to one victim's home for sexual contact. The defendant videotaped his encounters and later distributed the videos over the Internet.

June: Paul Sewell, of Reading, was sentenced to 23 years in prison for sex trafficking and production of child pornography. Sewell ran a prostitution ring. He took sexually explicit pictures of the girls to email to potential clients, and subjected some females to physical violence to force them to continue working for the venture.

CIVIL ACTIONS

On May 11, 2015, the United States filed a civil healthcare fraud lawsuit against John M. Hastings and Sarah Cintron Hastings and their medical supply company, Diabetic Care Solutions, Inc. The couple allegedly attempted to bypass Hastings' exclusion from the Medicare program. In 1999, Hastings was convicted of healthcare-related criminal charges and was excluded from Medicare. During his exclusion, the complaint alleges that Hastings operated the company from store locations in Drexel Hill and Philadelphia, Pennsylvania, and billed claims to Medicare. To resolve the matter, the parties are asking the court to enter a consent judgment that will require defendants to pay \$200,000, adhere to the rules of exclusion, and accept additional periods of exclusion.

Also in May, healthcare technology company Siemens Medical Solutions USA, Inc. ("SMS") agreed to pay \$5.9 million to resolve an investigation into the overcharging of the federal government for purchases of medical imaging equipment. The United States alleged that SMS failed to provide the best price for certain DoD purchases made pursuant to the DSCP Contract. Specifically, SMS did not give the DoD the largest discount that a private or commercial customer had received for a "like system," and, in doing so, overcharged the government. SMS did not correct the overcharging that had occurred and further concealed it from the United States.



Crimebusters: DEA

An interview with Gary Tuggle, the new Special Agent-in-Charge of DEA Philadelphia Division:

-How did you decide to join the DEA?

I was a police officer with the Baltimore Police Department for seven years. I worked as a task force officer for the DEA and realized the importance of the agency's mission, especially since I had grown up on the East Side of Baltimore and witnessed, first-hand, how the drug trade and violence impacted my community. When I joined the DEA, I was exposed to complex drug cases on the national and international level that reached to countries as far away as Africa, Colombia, and Mexico.

-What do you like best about your job?

As the new Special Agent in Charge of the DEA Philadelphia Division, I get to serve DEA's mission at a higher-level and lead an outstanding team of men and women that comprise the DEA. I have the opportunity to form partnerships with our law enforcement counterparts on the federal, state, and local level, as well as our partners in the community and media. We cannot perform our job to the best of DEA's abilities without assistance from the communities we serve.

-What's the most interesting case you handled?

The most interesting case of my career occurred when I served as the Country Attaché of the DEA office in Trinidad. Roger Kahn was a Guyanese national that formed a partnership with the Colombian FARC (Revolutionary Armed Forces of Colombia People's Army) and led a paramilitary organization in Guyana that was suspected of committing 200 murders in furtherance of their drug-trafficking activities. He led a narco-democracy in Guyana and through our investigation, we successfully extradited him to the Southern District of New York. Even after his arrest, he authorized payments from jail to intimidate and murder potential trial witnesses. Kahn was charged and pleaded guilty to conspiracy and witness tampering. He is currently serving a 15-year sentence.

-What types of crimes or civil remedies does the DEA pursue that the general public might not know?

The DEA is involved in combating global narcoterrorism on the ground in Afghanistan to the jungles of South America. It regulates the manufacturing and distribution of pharmaceuticals, the dispensing of pharmaceuticals by medical practitioners, the use of controlled substances for research purposes, and the regulations of precursor chemicals used in the manufacture of controlled substances.

-What do you think is the most important function of the DEA?

DEA has been very successful at bringing down criminal organizations responsible for the production, distribution, and sale of illegal drugs and diverted pharmaceuticals on a global scale. With our national and international presence, the DEA can expand investigations from local street corners to South America, Africa, Europe, Asia, and the Middle East where appropriate. I believe that the most important mission for the DEA here in Philadelphia right now is to combat heroin – Philadelphia has the highest level purity of heroin in the nation and people are dying because of it.

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

The easiest way for anyone to contact the DEA is through our website (www.dea.gov). They can also find us on Facebook.

OUTREACH

Youth Courts: Implementation of Restorative Justice in Schools

Since 2011, the U.S. Attorney's Office has supported the implementation of Youth Courts in three schools in the 22nd Police District in Philadelphia, as well as other schools in Philadelphia and in Chester, Delaware County. Youth Courts are an alternative school disciplinary system that bring restorative justice to help keep students in school. They use positive peer pressure to improve behavior, promote restorative justice, reduce crime, and blunt the school-to-prison pipeline. They provide academic, civic engagement, and socialization skills which youth can use throughout their lives. Because Youth Courts are consistent with the USAO mission to deter crime and inspire confidence in the rule of law, seven Assistant U.S. Attorneys have participated as instructors in high schools in the 22nd District in Philadelphia and in the city of Chester. In the spring of 2012, the USAO was asked to work at Strawberry Mansion High School (SMHS) because of the school's (and community's) history of violence. Beginning in the Fall of 2012, working with Youth Court Director and coordinator Gregg Volz, the USAO initiated a Youth Court at SMHS. By March of 2013, the students began holding hearings and the success of the program was recognized by the Philadelphia City Council. Based on a survey taken of the students, the program was an extraordinary success. In 2013-14, two Youth Courts were implemented at Strawberry Mansion High School (SMHS), one was initiated at Murrell Dobbins Technical High School located in the 22nd District, and a fourth was implemented in the Ethel Allen Elementary School, which is the feeder school for SMHS and is also located in the 22nd District. The principals of each of these schools have requested that their respective Youth Court programs be continued in the Fall of 2015. In the 2014-15 academic year, the SMHS Youth Court held 88 hearings, which resulted in admissions by each of the students to infractions they committed to the school's rules. They received consequences imposed by the Youth Court student jury. As a result, none of these students were suspended or missed one day of school. The U.S. Attorney's Office has hosted Youth Court conferences for educators, lawyers, law students, and other organizations to learn about the positive impact of Youth Courts. The most recent conference had more than 220 attendees and included a discussion of the impact of trauma on inner city youth and how trauma-informed care and restorative justice programs can ameliorate the impact of trauma.



CRIME & PUNISHMENT:



CHARGED:

April 2015:

Keonna Thomas, a/k/a "Fatayat Al Khilafah," a/k/a "YoungLioness," was charged with knowingly and intentionally attempting to provide material support and resources to a foreign terrorist organization.

May 2015:

Khayree Gay was charged with attempting to rob National Watch and Diamond Exchange, at 101 S. 8th Street in Philadelphia, in April 2015, and with kidnapping a store employee. If convicted the defendant faces a statutory maximum sentence of life in prison.

June 2015:

James J. McCullagh, owner of James J. McCullagh Roofing, was charged in connection with the fatal fall of an employee. McCullagh allegedly failed to provide fall protection equipment to his employees. On June 21, 2013, one of McCullagh's employees was killed after falling from a roof bracket scaffold. McCullagh allegedly told an OSHA Compliance Safety and Health Officer that his employees had been wearing safety harnesses tied off to an anchor point when he saw them earlier prior to the fall, when he knew that none of his employees had safety harnesses or any other form of fall protection. It is further alleged that McCullagh directed other employees to falsely state that they were provided and had protection the day of the fall.

CONVICTED:

April 2015:

David Nixon, owner of Economy Tax Services in Philadelphia, was found guilty of preparing materially false federal income tax returns for his clients for tax years 2007 through 2009. More

than 25 of the taxpayers testified at trial that Nixon changed their filing status from married to head of household, inflated their charitable contributions, and/or created employee business expenses. The tax returns that Nixon prepared and filed increased the amount of the refunds his clients received. The scheme defrauded the IRS of more than \$200,000.

Mario Fresta pleaded guilty to Hobbs Act extortion. Fresta was an associate of a then high ranking official in Philadelphia's Department of Licenses and Inspections and Public Nuisance Task Force who also owned an interest in a beer distributor. Fresta a bar and nightclub that if it bought beer from that particular distributor and hired Fresta as a manager, it would benefit thru the L&I official. Fresta received approximately 39 cash deposits, totaling more than \$19,900, as a result of claims that these payments were necessary to protect the bar from being shut down by L&I.

May 2015:

Jacob Corropolese, Sr., pleaded guilty to tax charges in connection with his sports bookmaking operation. Corropolese admitted to filing false tax returns when he ran a sports bookmaking operation. Corropolese received more than \$500,000 in proceeds from bettors but did not report any income from his bookmaking activities on his federal income tax returns for 2010 and 2011. As a result he substantially underreported his income in each year.

June 2015:

Derrick Brown pleaded guilty to taking kickbacks from an ambulance company. Brown was being transported to dialysis by Brotherly Love Ambulance, even though he could walk and

could have been transported safely by means other than ambulance and was, therefore, not eligible for ambulance service under Medicare requirements. Brown accepted monthly kickback payments to induce him to ride with Brotherly Love and solicited payments to induce him to continue to ride with Brotherly Love.

SENTENCED:

April 2015:

Yanira Lopez was sentenced to 48 months in prison for a tax fraud and identity theft scheme in which she and her husband, Rafael Henriquez Polanco, sought more than \$1.7 million in fraudulent tax refunds. Polanco was sentenced in February to 51 months in prison for numerous fraud and narcotics offenses. Polanco and Lopez obtained the names, dates of birth, and social security numbers of patients of Community Hospital in Chester, Pennsylvania and Crozer-Chester Medical Center in Upland, Pennsylvania, by paying employees of the hospitals to steal confidential medical forms. They used the stolen identities to file fraudulent individual income tax returns with the IRS claiming fraudulent refunds. Between February 23, 2009 and September 16, 2011, the defendants caused the United States Department of the Treasury to issue federal tax refund checks totaling \$257,710.79.

May 2015:

Damian Gasdaska was sentenced to 144 months in prison for an identity fraud scheme that involved stealing personal information, including from old court records. He and his co-conspirators created false identities with stolen information then applied for credit cards and loans. Gasdaska took steps to create favorable credit profiles for the false identities and used

Post Offices boxes under the false identities to receive mail. He used computers at public libraries to further the conspiracy. After co-conspirators made their purchases, they often provided the purchased items to Gasdaska who then sold them and paid the co-conspirators for their illegal services.

June 2015:

Castillo Higinio Castillo was sentenced to 20 years in prison for running a large-scale drug smuggling operation, known as the Castillo Drug Smuggling Organization (CDSO). Castillo and the members of the CDSO recruited couriers who secreted packets of heroin inside their bodies in order to smuggle the drugs into the United States from the Dominican Republic. Between November 2010 and March 2012, Castillo imported more than eight kilograms of heroin and more than one kilogram of cocaine. He pleaded guilty to conspiracy, kidnapping, and numerous drug charges. Castillo lured people into acting as mules with promises of money and free vacations. He personally participated in the kidnapping of one of the drug courier who had not returned the heroin that was imported. When a courier was suspected of stealing the smuggled drugs, the members would intimidate and threaten the courier.

Sidenote:

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

www.justice.gov/usao/pae