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## Fraud Files—July 2011

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## **FORMER MIDDLEWEIGHT GETS HEAVYWEIGHT LOAD**

Chael Sonnen, a professional mixed martial arts fighter from Oregon, was sentenced to pay a \$10,000 fine on April 8, 2011. United States District Court official Judge Michael W. Mosman ordered Sonnen to pay the fine on charges of money laundering in relation to a mortgage fund. Along with his fine, Sonnen was placed on probation for two years and had his real estate license revoked. In 2006, Sonnen worked with two other men acting as real estate agents for the buyers of a new home in Portland, Oregon. The three men submitted a mortgage loan application to Decision One Mortgage asking for around \$69,000 to be used on plumbing work around the house. Sonnen's plan was to use none of the money on plumbing repairs, but instead give the money to the buyers as an enticement to purchase the new home. It was later noted in court that \$65,000 of the \$69,000 was paid to the buyers by the plumbing company with Sonnen's supervision. Sonnen was charged on December 28, 2010 and pleaded guilty to his charge on January 3, 2011. Chael Sonnen's UFC contract has been frozen and he is unable to square off with any opponents until further notice.

Sherdog, "Sonnen Fined \$10,000 in Money Laundering Case," 8 April 2011; available at: <http://www.sherdog.com/news/news/Update-Sonnen-Fined-10000-in-Money-Laundering-Case-31455> , accessed 12 June 2011.

## **FLORIDA'S HOOKER GETS NAILED**

On July 7, 2010 in Tampa Florida, US Attorney A. Brian Albritton announced that Joseph C. Hooker has been charged with tax fraud and mail fraud. Hooker, along with his partner Jack Shaw, planned to swindle money from Blue Hawaiian Products (his employer) by creating a false business checking account under the name "Blue Hawaiian Pools and Supplies." Hooker and Shaw sifted through the company mail, taking legitimate checks payable to Blue Hawaiian Products. After grabbing the company checks, they deposited them into their false account. From there, Hooker produced false Blue Hawaiian Product invoices which were lower than the original invoices. In the meantime, Shaw obtained cashier checks to pay the lower prices from the fraudulent account and submitted them to the Blue Hawaiian Product account. The fraud also caused the income stated in the company's Federal Income Tax returns for 2003-2006 to be understated by the amount of the fraud. The scandal was investigated by the IRS, criminal investigations, and the US postal inspection service. After being prosecuted by Robert T. Monk, assistant US Attorney, Hooker was sentenced to 57 months in prison by Moody Jr. as well as ordered to repay \$2,478,423.98 to Blue Hawaiian Product owner Roger Erdelac and a hefty payment to the IRS of \$819,426.

United States Attorney's Office, "Pinellas Man Sentenced for Mail Fraud and Tax Fraud," 8 July 2010; available at: [http://www.justice.gov/usao/flm/pr/2010/jul/20100708\\_HookerSentence.pdf](http://www.justice.gov/usao/flm/pr/2010/jul/20100708_HookerSentence.pdf) , accessed 10 June 2011.

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## **COCKERHAMS' PRETEND TO DUMP LOADS**

Carolyn Blake, sister of US Army officer John Cockerham, pleaded guilty to a money-laundering scheme related to the support of the Iraq War. Acting Assistant Attorney General Rita M. Glavin, of the Criminal Division and Acting Assistant Attorney General Scott D. Hammond, of the Antitrust Division, announced the news one day after Blake pleaded guilty. Cockerham was an army contracting officer in Kuwait, and awarded contracts for services and supplies for active military troops in Iraq, including bottled water. According to court documents, Cockerham would steer contracts to those willing to pay to receive the contract. In return for awarding the contracts, more than nine million dollars was obtained by Cockerham. After Cockerham would barter contracts for money in return, he instructed contractors to pay Carolyn Blake and his wife, Melissa, to conceal the kickbacks. After Blake pled guilty to a money-laundering conspiracy, she admitted that she planned on keeping 10 percent of the money received, which turned out to be around three million dollars. As for her brother, Cockerham, he pled guilty fourteen months prior for participating in the money-laundering scheme while in active duty in Kuwait. Melissa Cockerham pled guilty in January of 2008 (same time as her husband) for accommodating over one million dollars on her husband's behalf. Cockerham kept the money she was responsible for in safe boxes in both Kuwait and Dubai. As of now, Blake faces upwards of 20 years in prison and a fine up to \$500,000 or twice the amount of the laundered frauds.

United States Attorney's Office, "Third Defendant Pleads Guilty to Money Laundering Scheme Involving Bribes for Contracts at Kuwait Army Base," 19 March 2009; available at: <http://www.justice.gov/opa/pr/2009/March/09-crm-256.html>, accessed 12 June 2011.

## **IS THERE A DOCTOR IN THE HOUSE?**

52 people, if convicted, are on the edge of being charged with life in prison and fines ranging up to \$1 million or more. The citizens being convicted are supposedly members of an Armenian organized crime enterprise known as Mirzoyan-Terdjanian. This group stole the identities of multiple doctors and would use this information to provide Medicare to others. This crime group began to set up offices across the country and would send invoices for events that never even took place. The leaders of the pack, Davit Mirzoyan and Robert Terdjanian are based out of Glendale and Brooklyn respectively. These are the two criminals which are drawing most of the detective's attention. In total, detectives think that from coast to coast, Mirzoyan-Terdjanian set up around 118 clinics in 25 states and billed \$163 million worth of Medicare to their "clients." While the case was being investigated, 73 people were indicted between California, Georgia, New Mexico, New York, and Ohio. In Los Angeles alone, eight faulty medical clinics were set up, which range in about \$17 million in fraud Medicare. Other Los Angeles defendants were also known to be involved with fake prescription licenses and distributing OxyContin, a painkiller so potent that it is sometimes referred to synthetic heroin and sells for up to \$80 a pill.

Los Angeles Times, "52 Arrested in Sweeping Medicare Fraud Case," 14 October 2010; available at: <http://articles.latimes.com/2010/oct/14/local/la-me-healthcare-fraud-raid-20101014>, accessed 12 June 2011.

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## SAN DIEGO DOESN'T ALWAYS GO DOWN SMOOTH

San Diego resident Fe S. Garrett was a licensed tax return preparer and licensed real estate broker. She ran a tax return preparation and bookkeeping business, as well as a real estate financing business. Garrett was convicted in August of 2009 for filing false individual tax returns, failing to pay taxes, and assisting the preparation of false tax returns. Between the years 2001 and 2002, Garrett incorrectly prepared 18 federal income tax returns in regards to fraudulent itemized deductions, child care expenses and schedule E real estate rental expenses. On top of that, between the years of 2001, 2002, 2004 and 2005, Garrett failed to report over \$300,000 of her business gross receipts on her federal income tax return. Garrett also failed to pay \$279,000 of federal income tax that she owed for the five years falling between 2001 and 2006. During the same time slot, she was caught spending irrationally high amounts of money at local casinos, wiring \$100,000 to the Philippines, and purposely avoiding any interaction with the Internal Revenue Service. Garrett was caught in the act when she was preparing a false income tax return for an undercover IRS agent. To make matters worse for herself, during court, she was overheard describing the way she uses loopholes to claim deductions on income tax returns. The IRS announced on March 1, 2010 that Fe S. Garrett was sentenced to 65 months in prison and was demanded to pay \$377,468 in restitution by US Judge M. James Lorenz of the Justice Department.

United States Attorney's Office, "San Diego Tax Return Preparer Sentenced to Prison for Tax Fraud," 1 March 2010; available at: <http://www.justice.gov/tax/txdv10210.htm> , accessed 12 June 2011

## CLEAN UP THAT SCHATZ, MAN

Multi-million dollar music business owner Lakisha Carpenter-Schatzman, 32, was found guilty for swindling over \$36,000 from the state aid program designed for families and individuals with low income. It was reported that while her three children were put on the state of Connecticut's low medical insurance program, Lakisha was spending her money on luxurious goods such as: a Florida time share, gambling at casinos, massages, memberships, hotel rooms and much more. Carpenter-Schatzman has been weaseling money from the state since 2004 and has continued to collect benefits for an additional four years. Judge Maureen Dennis determined that Carpenter-Schatzman belonged in the York Correctional Institution plus a \$100,000 cash bond on her. Prior to the trial, Assistant State Attorney Tiffany Lockshier gave Carpenter-Schatzman a bargain of a suspended sentence and probation if she admitted to her crimes, which she deferred. Aside from her annual revenue of \$300,000, over the four years between 2004 and 2008, it was calculated that Carpenter-Schatzman obtained \$35,969 of HUSKY insurance benefits for her children. She now awaits her sentence which could be a maximum of 20 years in prison.

Stamford Advocate, "Norwalk Record Business Owner Sent to Jail for Fraud," 27 January 2010; available at: <http://www.stamfordadvocate.com/news/article/Norwalk-record-business-owner-sent-to-jail-for-339102.php> , accessed 12 June 2011.

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### BY THE BEARD OF ZEUS!

80 year old Louis Michael Pihakis of Pensacola, Florida is no stranger to serving prison time. Pihakis served time in the past for using an alias name, Michael Lewis, to run a scheme in which investors invest their money into a completely faulty company stock. In this case, Pihakis and co-conspirators were charged with conspiracy to commit wire fraud, planning to embezzle money through a "Proof of Funds" payment from victims investing in Greek Shipping Trust. In exchange for the victim's money through "Proof and Funds," Pihakis and his crew promised customers millions of dollars in funding through their shipping company. Pihakis also required his customers to provide a refundable advance fee that would be held in an escrow account. While customers thought their money was growing in Greek Shipping Trust's stock, Pihakis and his co-conspirators spent around \$3.4 million on luxury expenses. A conviction for conspiracy to commit wire fraud carries a maximum sentence of 20 years, and \$250,000 fine, or both.

United States Attorney's Office, "Florida Man Arrested for Investment Scheme that Targeted Phoenix Residents," 3 December 2010; available at: [http://www.justice.gov/usao/az/press\\_releases/2010/2010-261%28Pihakis%29.pdf](http://www.justice.gov/usao/az/press_releases/2010/2010-261%28Pihakis%29.pdf) , accessed 12 June 2011.

### SMASHING ON HIGHWAY LEADS TO INSURANCE FRAUD DISCOVERY

Seven Louisiana citizens were arrested for wire fraud and conspiracy. These arrests stemmed from a federal indictment by a federal grand jury. Being indicted were Warren Lockett (Black Male, Age 24), Kenneth Randall (Black Male, Age 36), Buddy Estelle (White Male, Age 50), Shantelle Estelle (White Female, Age 26), Amy Estelle (White Female, Age 27), and Joseph Owens Jr (White Male, Age 53). All of these people had been staging vehicle crashes between 2003 and 2010 in a project to try and receive money from the multiple insurance companies. The Louisiana Department of Insurance caught wind of these actions and had detectives investigating these crashes for over a year. This group of citizens was found to take aim at mainly oblivious drivers of large commercial vehicles. As noted in the case, the group made an effort to intentionally crash into a truck carrying hazardous material in it. It was also noted that the majority of the staged accidents have taken place on US Highway 90 in Lafayette Parish. Detectives discovered that there was more than \$400,000 in proceeds obtained by this group of citizens through these crashes. The six citizens only charged with conspiracy to commit offense of defraud the United States all appeared in court in front of the magistrate. If Oliver B. Lockett is faced with wire fraud charges, he could be sentenced to prison for a maximum of 20 years. If everyone else is charged with conspiracy to commit offense or defraud the United States, they could face a maximum of 5 years in prison. Detectives credit a close working relationship with the Louisiana Department of Insurance and various other organizations for the successful arrests of these individuals.

Eyewitness News Channel 10, "Seven Arrested in Insurance Fraud Case," 24 May 2011; available at: <http://www.klfy.com/story/14707278/seven-arrested-in-insurance-fraud-case> , accessed 12 June 2011.