



## Mohammad Nawaz Khan, Iquila Begum Khan, Mohammad Shahbaz Khan, Gurdev Kaur Johl, and Kewal Singh Arrested by the FBI in an Alleged \$5 Million Fraud Scheme

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 2:26 PM May 2, 2012

The Federal Bureau of Investigation (FBI) on May 1, 2012 released the following:

“Five Arrested in Sutter and Yuba Counties for \$5 Million Fraud Scheme SACRAMENTO, CA— United States Attorney Benjamin B. Wagner announced that five individuals have been arrested in Sutter and Yuba Counties for their participation in a long-running unemployment and disability fraud scheme.

Mohammad Nawaz Khan, 56, and Iqila Begum Khan, 31, both of Live Oak; and Mohammad Shahbaz Khan, 56, Gurdev Kaur Johl, 67, and Kewal Singh, 74, all of Yuba City, were arrested today. They are scheduled to appear before U.S. Magistrate Judge Kendall J. Newman at 2:00 p.m. today. Also charged in the complaint, but not arrested is Mohammad Adnan Khan, 32, of Live Oak.

According to the criminal complaint, the defendants began forming a series of companies with the Employment Development Department in 1989. The most recent company was formed in 2011. All of these companies purported to be farm labor contractors that provided labor to harvest various agricultural crops in Sutter and Yuba Counties.

However, undercover operations by a number of confidential sources showed that these businesses were in fact selling wages to hundreds of individuals in Northern California. The defendants would charge an individual approximately \$250 for \$1,000 in wages. The purchaser, who never performed any work for the defendants' companies, would then claim

to be laid off and file for unemployment benefits, disability benefits, or both.

When interviewed by EDD, the individuals who claimed to have worked for these companies would oftentimes not know the location where they worked, or the name of their supervisor. Sometimes they would report earnings that greatly exceeded the agricultural norms for the area. Many of the employees reported by these companies were between 50 and 70 years old and claimed that their duties consisted of picking peaches and harvesting walnuts, physically demanding work.

According to the criminal complaint, in order to further the fraud, the defendants used the name “Mohammed Khan,” used each other's business addresses, repeatedly hired and laid off each other, and continually changed the names of the businesses.

The investigation is ongoing in order to determine the full extent of the fraud. A preliminary analysis of EDD claim records has found more than 2,000 potentially fraudulent unemployment and disability claims and more than \$5 million lost.

This case is the product of an extensive investigation by the Federal Bureau of Investigation, the United States Department of Labor, Office of Inspector General, and the Investigation Division of the California Employment Development Department. Assistant United States Attorney Jared C. Dolan is prosecuting the case.

If convicted, the defendants face a maximum statutory penalty of 20 years in prison. The actual sentence, however, will be determined after conviction at the discretion of the court after consideration

of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables. The charges are only allegations. Each of the defendants listed is presumed innocent, unless and until proven guilty.”

[US v. Khan et al – Federal Criminal Complaint](#)

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## Attorney General Eric Holder Speaks at the Health Care Fraud Takedown Press Conference

(USDOJ: Justice News)

Submitted at 1:50 PM May 2, 2012

“As of today, as part of a coordinated, nationwide takedown, the Medicare Fraud Strike Force – a joint initiative led by the Departments of Justice and HHS that's comprised of federal, state, and local investigators and law enforcement officials from across the country – has

charged 107 defendants in seven different cities for their alleged participation in Medicare fraud schemes involving approximately \$452 million in false billings. This is the highest amount of alleged false Medicare billings involved in a single takedown in the Strike Force's 5-year history,” said Attorney General Holder.

## U.S. v. Woo Jin Yang aka Eugene Yang

(Antitrust Division: Criminal Case Filings)

Submitted at 1:48 PM May 2, 2012

Document filed on April 30, 2012

• [Information](#)



# Federal Indictment Charges Former Dixon Comptroller Rita Crundwell with Allegedly Engaging in \$53 Million Fraud Since 1990

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 10:28 AM May 2, 2012

The Federal Bureau of Investigation (FBI) on May 1, 2012 released the following:

“U.S. Files Lawsuit Seeking Civil Forfeiture of 311 Quarter Horses in Addition to Seeking Criminal Forfeiture of Seized Assets

ROCKFORD—The former comptroller of the city of Dixon, Illinois, Rita A. Crundwell, was indicted today for allegedly fraudulently obtaining more than \$53 million from the town since 1990 and using the proceeds to finance her horse breeding business and lavish lifestyle. A federal grand jury returned a single-count indictment charging Crundwell with one count of wire fraud, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent in Charge of the Chicago office of the Federal Bureau of Investigation. Since Crundwell was arrested on April 17 and accused of misappropriating more than \$30 million since 2006, further investigation resulted in the indictment’s expanded allegation that the fraud exceeded \$53 million and spanned more than two decades.

Crundwell, 59, of Dixon, who served as comptroller since 1983 and handled all of the city’s finances, was released on her own recognizance on April 18. She will be arraigned at 10:30 a.m. on May 7 before U.S. Magistrate Judge P. Michael Mahoney in U.S. District Court in Rockford.

The indictment seeks criminal forfeiture of \$53 million as well as numerous assets that were seized from Crundwell when she was arrested. On a parallel track, the United States today filed a civil lawsuit alleging that 311 quarter horses owned by Crundwell are subject to civil forfeiture because she purchased and/or maintained them with criminal fraud proceeds. The government will seek eventually to sell the horses and apply the proceeds toward restitution to the city of Dixon.

“The government is pursuing both criminal and civil forfeiture proceedings to ensure that every available tool is being used to recover proceeds of the alleged fraud in order to recoup as much money as possible for the city of Dixon, its residents, and taxpayers,” Mr. Fitzgerald said. The investigation is continuing, he added.

Dixon, with a population of approximately 15,733, is located about 100 miles southwest of Chicago.

Crundwell owns RC Quarter Horses, LLC, and keeps her horses at her ranch on Red Brick Road in Dixon and at the Meri-J Ranch in Beloit, Wisconsin, as well as with various trainers across the country. In addition to 311 registered quarter horses, dozens of foals are expected to be born this spring. As part of the civil lawsuit, the government requested a pretrial restraining order that will secure the government’s interest in the horses and allow officials to take necessary steps to ensure the animals’ health and well-being, including veterinary and dietary care, which has been ongoing. The U.S. Marshals Service is expected to hire a contractor to manage the horses.

The indictment seeks criminal forfeiture of two residences and the horse farm in Dixon; a home in Englewood, Florida; a \$2.1 million luxury motor home; more than a dozen trucks, trailers, and other motorized farm vehicles; a 2005 Ford Thunderbird convertible; a 1967 Chevrolet Corvette roadster; a pontoon boat; approximately \$224,898 in cash from two bank accounts; and other assets allegedly purchased with fraud proceeds. Many of these assets were seized when Crundwell was arrested, and the government today requested a restraining order on the real estate that is allegedly subject to criminal forfeiture.

According to the indictment, on Dec. 18, 1990, Crundwell opened a bank account in the name of the city of Dixon and RSCDA, known as the RSCDA account. Between December 1990 and April 2012, Crundwell used her position as comptroller to transfer funds from the Dixon’s Money Market account to its Capital Development Fund account, as well as to various other city bank accounts. Crundwell allegedly repeatedly transferred city funds into the RSCDA account and used the money to pay for her own personal and private business expenses, including horse farming operations, personal credit card payments, real estate, and vehicles.

As part of the fraud scheme, Crundwell allegedly created fictitious invoices purported to be from the state of Illinois to show the city’s auditors that the funds she was fraudulently depositing into the RSCDA account were being used for a legitimate purpose. To conceal the

scheme, Crundwell told the mayor and city council members that the state was late in its payments to the city, when, in fact, she knew that she had fraudulently transferred the funds for her own use, the indictment alleges.

Wire fraud carries a maximum penalty of 20 years in prison, and a \$250,000 fine, or an alternate fine totaling twice the loss or twice the gain, whichever is greater. If convicted, the court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is represented in the criminal case by Assistant U.S. Attorney Joseph C. Pedersen, and in the civil case by Assistant U.S. Attorney Scott Paccagnini.

The public is reminded that an indictment is only a charge and is not evidence of guilt. The defendant is presumed innocent and is entitled to an indictment by a federal grand jury and a fair trial at which the government has the burden of proving her guilt beyond a reasonable doubt.”

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# Dimitry Vishnevetsky Indicted by a Federal Grand Jury for Mail Fraud, Wire Fraud, and Bank Fraud in an Alleged Fraud Scheme

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 2:51 PM May 2, 2012

The Federal Bureau of Investigation (FBI) on May 2, 2012 released the following:  
“Chicago Investment Advisor Indicted for Allegedly Causing Clients to Lose \$1.5 Million in Fraud Scheme  
CHICAGO— A Chicago investment advisor allegedly engaged in an investment fraud scheme that swindled clients, causing them to lose approximately \$1.5 million, federal law enforcement officials announced today. The defendant, Dimitry Vishnevetsky, was charged with eight counts of mail or wire fraud and one count of bank fraud in a nine-count indictment returned yesterday by a federal grand jury. Vishnevetsky allegedly raised approximately \$1.7 million from investors and misappropriated at least \$1.5 million for his own purposes, including to pay for such business and personal expenses as mortgage and car payments, travel and vacations, restaurant bills, athletic club dues, and to make trades for his own benefit, while using additional investor funds to make Ponzi-type payments to clients.

Vishnevetsky, 33, of Chicago, will be arraigned at a later date in U.S. District Court. The charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent in Charge of the Chicago Office of the Federal Bureau of Investigation. Also yesterday, the Commodity Futures Trading Commission filed a civil enforcement lawsuit against Vishnevetsky and his companies in federal court in Chicago.

According to the indictment, Vishnevetsky offered and sold investments, including commodities and promissory notes, primarily through Hodges Trading, LLC, and Oxford Capital, LLC, which purported to be in the business of providing brokerage/management services to investors and of managing commodities funds, including the Oxford Global Macro Fund, the Oxford Global Arbitrage Fund, and the Quantum Global Fund, which existed in name only. He also offered and sold promissory notes, described as London

Interbank Offered Rate (LIBOR) adjusted notes, through Hodges Trading, which also existed in name only.

The indictment alleges that between September 2006 and March 2012, Vishnevetsky schemed to defraud investors and potential investors by making false representations about the profitability of his prior and current trading, the use of the invested funds, the risks involved, the expected and actual returns on investments and trading, and false representations about Hodges Trading, Oxford Capital and the commodities funds. For example, Vishnevetsky created and provided some investors fraudulent trading results showing profits as high as 36 percent per year, the indictment alleges. “In fact, to the extent that Vishnevetsky engaged in trading, the trading consistently resulted in net losses, not profits,” the indictment states.

The bank fraud count alleges that between 2007 and 2010, Vishnevetsky made false statements to Merrill Lynch Bank & Trust concerning his income and assets to cause the bank to issue, and later modify, two loans totaling approximately \$519,500 to purchase a condominium in Chicago. Vishnevetsky subsequently stopped making payments on the loans, the charges allege.

The government is being represented by Assistant U.S. Attorney Jacqueline Stern.

Each count of mail or wire fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, while bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine, and restitution is mandatory. The court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, the court must impose a reasonable sentence under federal sentencing statutes and the advisory United States Sentencing Guidelines.

The investigation falls under the umbrella of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal

executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit:

[www.StopFraud.gov](http://www.StopFraud.gov).

An indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.”

[US v. Dimitry Vishnevetsky – Federal Criminal Indictment](#)  
[Federal Mail Fraud Crimes – 18 U.S.C. § 1341](#)  
[Federal Wire Fraud Crimes – 18 U.S.C. § 1343](#)  
[Federal Bank Fraud Crimes – 18 U.S.C. § 1344](#)

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# Scottish prosecutor, FBI chief discuss Lockerbie

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 9:44 AM May 2, 2012

Fox News on May 2, 2012 released the following:

“Associated Press

LONDON – A senior Scottish prosecutor and the head of the FBI have traveled to Libya to discuss the investigation into the 1988 Pan Am bombing that killed hundreds over Lockerbie.

Scotland’s public prosecution office said in a statement Wednesday that Scotland’s most senior legal officer Frank Mulholland and FBI director Robert Mueller traveled to Tripoli to meet Libyan prime minister Abdurahim el-Keib to discuss the case.

It says the meeting took place on April 25 but was not publicized at the time for security reasons.

Only one man, Abdel Baset al-Megrahi, has been convicted of the bombing. He was freed from a Scottish jail on compassionate grounds in August 2009, suffering from cancer. The Libyan authorities have said they will cooperate in investigations on the bombing.”

## Medicare Fraud Strike Force Charges 107 Individuals for Approximately \$452 Million in False Billing

(USDOJ: Justice News)

Submitted at 1:34 PM May 2, 2012

Attorney General Eric Holder and Health and Human Services (HHS) Secretary Kathleen Sebelius announced today that a nationwide takedown by Medicare Fraud Strike Force operations in seven cities has resulted in charges against 107 individuals, including doctors, nurses and other licensed medical professionals, for their alleged participation in Medicare fraud schemes involving approximately \$452 million in false billing.

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## Prison Inmate Indicted in Alabama for Filing False Tax Returns

(USDOJ: Justice News)

Submitted at 12:05 PM May 2, 2012

A federal grand jury sitting in Montgomery, Ala., has returned an indictment charging David Marrero, formerly a resident of Florida, with corruptly endeavoring to obstruct the Internal Revenue Service (IRS) and filing false claims, the Justice Department and IRS announced today.

## Assistant Attorney General for the Criminal Division Lanny A. Breuer Speaks at the Health Care Fraud Takedown Press Conference

(USDOJ: Justice News)

Submitted at 1:52 PM May 2, 2012

“From Los Angeles, to Chicago, to Miami, these defendants allegedly submitted over \$450 million in fraudulent claims to the Medicare program. This represents the largest Medicare fraud takedown in Department history, as measured by the amount of alleged fraudulent billings,” said Assistant Attorney General Breuer.

## Medicare Fraud Strike Force Charges 107 Individuals for Approximately \$452 Million in False Billing

fbi (Current)

Submitted at 6:00 AM May 2, 2012

— U.S. Department of Justice