

Courtesy of the

**Department of Defense
Office of the Inspector General
Defense Criminal Investigative Service
Central Field Office**



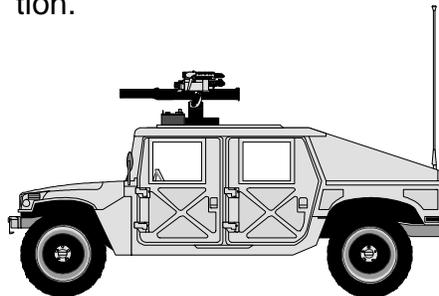
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Indictments

Theft

An indictment was returned against Patrick Ray Cook and Zackariah O'Brien Stanley charging them with theft of Government property. An investigation disclosed that on or about August 7, 1999, Cook and Stanley allegedly broke into the U.S. Army Reserve, 316th Quartermaster Battalion, Okmulgee, OK, and stole a High Mobility Multi-purpose Wheeled Vehicle (HUMVEE) for their own use. Cook and Stanley then allegedly drove the vehicle to secluded acreage outside Muskogee where the vehicle was stripped of its top, doors and cryptograph communication

radio. The HUMVEE was used as their recreational vehicle until abandoned several weeks later. When the Government recovered the HUMVEE and radio, both were determined to be unserviceable. The Tulsa Post of Duty (POD) is conducting the investigation.



Firearm Violations

An indictment was returned against Rafael Alexander McLean charging him with illegal possession of a firearm as a convicted felon. An investigation disclosed McLean allegedly had in his possession a stolen U.S. Government 9mm Beretta that had been reported as missing from the Norfolk Naval Base, Norfolk, VA. The Chapel Hill Resident Agency (RA) is conducting the investigation with the Federal Bureau of Investi-

gations (FBI), the Bureau of Alcohol, Tobacco and Firearms (ATF), and the Police Department of Raleigh, NC.

Mail Fraud

An indictment was returned against Joubert Mondesir, a physical therapist and owner of Far Rockaway Physical Therapy, charging him on 10 counts of violating Federal mail fraud statutes. Mondesir, an authorized participant in the DoD TRICARE program, submitted false claims to the New York City Board of Education for physical therapy services that were never rendered to students in the New York City public school system. The New York RA is conducting the investigation jointly with the Department of Health and Human Services (HHS) and the Office of the Special Commissioner of Investigation, New York City School District.

Racketeering

An indictment was returned against Julio Pereira, Bridgewater, MA, charging him with 4 counts of subscribing to a

false income tax return and 21 counts of interstate travel in aid of racketeering enterprises. Pereira, a former senior buyer at LTX Corporation, Westwood, MA, purchased machine parts from Synertron Associates, Incorporated, Middleboro, MA, as did a Top 100 DoD contractor. The owner of Synertron, Henry Mathieu, admitted paying Pereira kickbacks of approximately \$350,000 for favorable consideration in the award of jobs to Synertron. Mathieu previously pled guilty in the case. The Boston RA is conducting the investigation with the FBI and the Internal Revenue Service (IRS).

Gratuity

An information was filed against Anthony Frizzi, Revere, MA, charging him with violating the Taft-Hartley Act. The investigation of Frizzi is a result of a major nationwide federal investigation involving corruption in the maritime industry and the repair of U.S. Navy vessels at commercial shipyards. Frizzi worked as a paid union official of Local S-25, International Association of Machinists and Aerospace Workers, Boston, MA. Local S-25 held the contract with South Boston, MA, shipyard, Boston Ship Repair, Incorporated (BSR), that worked on U.S. Navy vessels. At the same time, Frizzi went on the payroll of BSR and collected wages from the union and BSR. It was determined that Frizzi was paid by BSR

for a 40-hour week, but he allegedly worked only a few hours per week and that time was spent on union business, not as a tradesman for the shipyard. Such conduct is considered an illegal gratuity under the Taft-Hartley Act. Frizzi allegedly used his son's Social Security Number to sign on as an employee of BSR and thereby disguise the fact he was illegally receiving the second salary. The owners of BSR were previously convicted and sentenced. The Boston RA is conducting the investigation with the FBI, the IRS and the Department of Labor (DOL).

False Statements

An information was filed against Royce Frandsen, chief engineer, Transchem, Incorporated (Transchem), Corona, CA, charging him with one count of making false statements to the DoD and one count of aiding and abetting. An investigation disclosed Frandsen allegedly submitted false statements during the manufacture of Transchem power supplies for the DoD. In accordance with military contracts, Transchem was required to deliver power supplies manufactured, tested and inspected according to stringent military and customer standards. Specifically, Transchem's contracts required that the power supply devices be subjected to a "burn-in" test, also known as a temperature conditioning cycling test. Frand-

sen is alleged to have systematically falsified the burn-in test by either not performing the test at all or improperly performing the test by shortening the amount of time the test was performed. A safety alert has been issued to notify affected programs of potential safety issues. The programs affected include the U.S. Navy Harpoon missile program and the U.S. Army Firefinder and Sentinel radar programs. The Western Field Office (FO) is conducting the investigation with the U.S. Army Criminal Investigative Command (USACIDC) and the Defense Contract Management Command (DCMC).

False Statements

Samiha Mitwally, president of Unicef Medical, Lake Hopatcong, NJ, was arrested for allegedly devising a scheme to defraud the U.S. Government by falsifying and concealing material facts. An investigation disclosed Mitwally allegedly repackaged and re-labeled medical equipment manufactured outside the United States to make it appear the medical equipment was manufactured in the United States. The equipment was then resold to several U.S. Government agencies or used on other Government financed contracts. The New Jersey RA is conducting the investigation with the FBI, the USACIDC, the Department of Veterans Affairs (VA) and the Agency for International Development.

Mail Fraud

UNC Lear Services, Incorporated (UNC/Lear), Oklahoma City, OK, pled guilty in the Western District of Kentucky, Louisville, KY, to mail fraud, making a false statement, and violating the Foreign Corrupt Practices Act. An investigation determined UNC/Lear, a Top 100 DoD contractor, defrauded the DoD and the Kingdom of Saudi Arabia while performing on a DoD contract awarded under the U.S. Foreign Military Sales (FMS) program. The DoD administered FMS program permits U.S. allies to procure Defense goods and services from U.S. business concerns and/or the U.S. Government. Between November 1993 and August 1995, UNC/Lear officials falsely represented to the DoD that subcontracts awarded to various companies were based on adequate price competition when that competition did not exist. UNC/Lear also made false representations to DoD officials about employing a foreign sales agent relative to its FMS contract. Additionally, between August 1, 1993 and December 31, 1995, false entries were made in UNC/Lear's books and records that falsely reported payments were made to an unnamed Kentucky corporation as fees for engineering services conducted in Saudi Arabia. The Dayton RA is conducting the investigation with the FBI and the IRS.

Health Care

Kelly Ross Jorgensen pled guilty to one count of conspiring to commit mail fraud and health care fraud. Jorgenson operated Wellnet, a billing company that contracted with the General Medical Clinics of the Seattle/Tacoma, WA, area and Dr. Nasser Ordoubadi, a TRICARE provider. An investigation determined that Jorgensen conspired with Ordoubadi and the General Medical Clinics to submit false and inflated health care claims to TRICARE, Medicare and private insurers. Those claims contained billing for nonrendered services, upcoding and uncovered services. The Seattle RA conducted the investigation with the FBI, the U.S. Postal Inspection Service and the HHS.

Embezzlement

Stan W. Doidge pled guilty to theft and embezzlement. Doidge continued to receive Federal retirement benefits destined for his mother, Marie K. Doidge (the surviving wife of a former U.S. Army veteran), for 18 months after her death in February 1998. Marie Doidge received a monthly surviving spouse benefit from Defense Finance and Accounting Service (DFAS) that should have ceased upon her death. An investigation revealed DFAS did suspend Marie Doidge's account for several months in early 1998 when she failed to return a "Certificate of Eligibility" (COE). However, a COE

containing Marie Doidge's apparent signature was dated and faxed to DFAS on January 7, 1999 (almost a year after her death), and DFAS resumed monthly electronic funds transfer payments to Doidge's bank account. Stan Doidge admitted forging his mother's signature on the COE and forging her signature on numerous checks drawn on her bank account. The calculated loss to DFAS is \$20,096. The Western FO conducted the investigation with assistance from DFAS' "Operation Mongoose" and the Defense Manpower Data Center.



False Statement

Anthony L. Brooks, owner of Electronic Components and Fasteners North (ECFN), Deltona, FL, pled guilty to making a false statement. Brooks sold nonconforming fasteners to DoD and NASA prime contractors, then falsely certified the fasteners met military specifications. Various lots of fasteners sold to prime contractors failed to meet specifications when tested, had no certifications of compliance by ECFN's supplier, and were not traceable to the manufacturer of origin. The Orlando RA conducted the investigation with the National Aeronautical Space Administration (NASA).

Conversion

Claude I. McClain, Jr., and Theresa McClain each pled guilty in U.S. District Court, Eastern District of Virginia, to one count of conversion of U. S. Government property. Claude McClain worked as a warehouseman in the Acquisition and Property Management Branch of the Office of Administration and Information Management, OIG, DoD. An investigation confirmed he stole at least seven NEC laptop computers, one Dell computer, one Compaq Deskpro desktop computer, one Compaq Armada 4110 laptop computer, one Mitsubishi computer monitor and two CTX computer monitors. The equipment was stolen from the OIG, DoD, warehouse in Springfield, VA, and the OIG, DoD, offices in Arlington, VA. Most of the equipment was then transported by Theresa McClain to local pawnshops in Prince George's County, MD, and pawned for cash. It was also determined that Claude McClain pawned some of the stolen equipment. The acquisition price of the items totaled \$35,803. Efforts to recover the stolen property are ongoing. The Mid-Atlantic FO conducted the investigation with the Prince George's County Police Department.

Mail Fraud

Peter Freund, president of AAA Fire and Safety, Incorporated, pled guilty in U.S. District Court, New Haven, CT,

to one count of mail fraud. AAA Fire and Safety falsely represented to customers that the required hydrostatic testing had been performed on fire extinguishers. The equipment was then fraudulently stamped as having met all requirements. Customers, including the DoD and the Connecticut National Guard, were then billed for the unperformed work. The Hartford RA conducted the investigation jointly with the Department of Transportation.

Bank Fraud

Nancy Thetford, also known as Nancy Cooper, pled guilty to theft concerning programs receiving Federal funds and bank fraud. This is her second guilty plea. In a previous plea, Thetford and co-defendant Tracy Huff pled guilty to falsifying claim forms submitted to the Medicare program and embezzling funds from that program. At that time, Thetford was sentenced to probation and restitution in the amount of \$1,146,088. Thetford and Huff operated a medical billing service in Denton, TX, where they submitted claims for providers to various insurance carriers, including Medicare, Medicaid and the Civilian Health and Medical Program of the Uniformed Services, now known as TRICARE. The current charges against Thetford occurred when she worked for Diagnostic Mobile Imaging, L. L.C., doing business as Mobile Imaging Group. While

employed there, Thetford embezzled monies from Mobile Imaging Group obtained through health insurance claim submissions, in addition to forging checks that were presented for payment to two federally insured financial institutions. The Southwest FO conducted the investigation with the FBI, the IRS and the HHS.



Health Care

Hubert Cameron Gibson, III, was convicted on nine counts of mail fraud and one count of conspiracy to evade income taxes. Gibson, an internal medicine physician, operated several clinics, including physical therapy clinics, in Arlington, TX, and the surrounding area. He also operated two boat dealerships in the local area. An investigation determined that fraudulent medical insurance claims originated in Gibson's practices were submitted to various insurance companies and Government agencies, to include the TRICARE system. The Southwest FO conducted the investigation jointly with the FBI, the IRS and the Texas State Board of Insurance.

Theft

William G. Begel pled guilty to theft of Government funds. An investigation determined Begel, chairman of the Armed Forces Sports Office, Arling-

ton, VA, falsely charged expenses to his Government I. M.P.A.C. credit card and accepted kickbacks totaling \$16,303. Beigel used false receipts and invoices issued to various vendors to obtain cash from his account. The Mid-Atlantic FO conducted the investigation jointly with the FBI.

Sentences

Arms Export Control

Orbit/Flam and Russell, Incorporated (Orbit F/R), Horscham, PA, was sentenced to pay a \$600,000 fine and a \$400 special assessment for violating the Arms Export Control Act. From about September 1997 to about May 1998, Orbit F/R exported Defense articles and services to the People's Republic of China. Orbit F/R sold sophisticated military equipment, referred to as the AL-8098 and AL-8099, to China's Ministry of Aerospace for use in their missile development program. The equipment and software, which was originally developed for the Israeli Defense Forces, was designed to measure the effectiveness of antennas placed within the missile radome. Orbit F/R also provided technical expertise to improve the accuracy of a Chinese surface-to-air missile system similar to the Patriot missile system. The Northeast FO conducted the investigation jointly with the U.S. Customs Service (USCS).

False Statement

Ronald Dean Garlick, president of Garlick Helicopters, Incorporated, Hamilton, MT, was sentenced to 1 year and 1 day in prison, to pay a \$10,000 fine and a \$50 special assessment fee. In August 1999, Garlick pled guilty to one count of entry of goods by means of false statements. An investigation determined Garlick used false statements on USCS importation documents to bring prohibited military armaments worth approximately \$400,000 into the United States. The documents Garlick submitted declared the imported items to be "used helicopter parts," when the shipment included 20mm machine gun barrels; 20mm machine gun housings and assemblies; 40mm grenade launcher barrels, and a 40mm grenade launcher originally manufactured for the U.S. military. The shipment originated in Spain and passed through the Port of Houston, Houston, TX, where the USCS seized the armaments. The seized items will be turned over to the U.S. Government for proper disposition. The Houston RA conducted the investigation with the USCS.

False Statement

Sameena Ali was sentenced to 5 years probation, ordered to pay a \$500 special assessment, to perform 300 hours of community service and, as a condition of probation, not to engage in con-

tracting with any Government agency or to engage in self-employment. Ali was previously found guilty of making false statements to the U.S. Government and conspiring to make false statements. An investigation disclosed that Sameena Ali's husband, Mirza Zulfiqar Ali, used the aliases Zulfiqar Eqbal and Henry Stone, to operate as a principal in her company, Sameena, Incorporated, doing business as Samtech Research, Fremont, CA. The business illegally engaged in contracting with Government agencies, despite Mirza Ali's previous debarment from Government contracting by the HHS. Samtech Research was awarded over \$3 million in Government contracts during the period of Mirza Ali's debarment. Mirza Ali was also found guilty of making false statements to the Government, conspiring to make false statements, making a false loan application and bank fraud. He is scheduled for sentencing in April 2000. The San Francisco RA conducted the investigation.

Obstruction of Justice

Edward R. Sechrest was sentenced to 21 months imprisonment, followed by 3 years supervised release, and was ordered to pay \$681,104 in restitution and a \$400 special assessment fee. Sechrest previously pled guilty to interstate transportation of money obtained by fraud, mail fraud, and ob-

struction of justice. Sechrest was president of Essex Waste Management Services, Incorporated (Essex), a DoD subcontractor in Kingsville, MO. Essex illegally disposed of obsolete military M13 gas mask filters and committed insurance fraud resulting from a fire caused by the illegal processing of commercial and military aerosol waste products. Sechrest is to pay \$600,000 to the defrauded insurance company and \$81,104 to the Defense Reutilization and Marketing Service. The Kansas City RA conducted the investigation jointly with the FBI, the Environmental Protection Agency (EPA) and the Missouri Department of Natural Resources.

Employee's Compensation Fraud

Nelson Velez was sentenced to 1 year of probation for federal employee's compensation fraud. Velez, a former DoD police lieutenant, employed by the U.S. Navy, claimed to have injured his back while on duty and was placed on disability leave. From January 17, 1992 through October 15, 1995, Velez received \$78,400 in Federal Employee's Compensation Act benefits, which was equal to 75 percent of his salary. Velez admitted to filing forms with the DOL Office of Worker's Compensation that failed to disclose he was self-employed and conducting business under the corporate

name Executive Armored and Courier Service, Incorporated. The New York RA conducted the investigation jointly with the DOL Office of Investigations, Labor Racketeering and Program Fraud.

Kickbacks

David L. Dugas, Jacksonville, FL, was sentenced to 36 months probation and a \$100 special assessment fee for offering to pay a kickback to a physician for the doctor's patient referral. Dugas acted as a broker of various medical services, to include diagnostic testing. Dugas would offer these services to the doctor and make the necessary arrangements with the diagnostic company or medical supply company. Dugas also offered to pay the physician a portion of his commission as a kickback for patient referrals. The patients were members of different Federal health care programs that include TRICARE and Medicare. The Jacksonville POD conducted the investigation with the FBI and the Naval Criminal Investigative Service (NCIS).

Civil Settlements

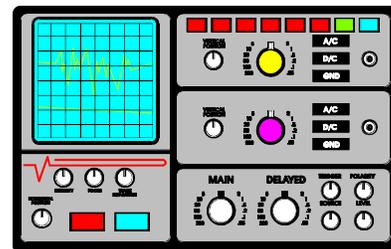
Failing to Test

Maxwell-Sierra Capacitor and Filter (Maxwell-Sierra), Carson City, NV, paid a \$320,000 settlement as a result of failing to perform required testing on items manufactured for the U.S. Army, Navy and Air Force and NASA. This pay-

ment represents double damages for the Qualified Products List (QPL) items Maxwell-Sierra sold to the Government, plus single damages for the source control drawing parts, which are dependent on Maxwell-Sierra's status as a QPL parts manufacturer. The Sacramento POD conducted the investigation jointly with the NASA, the USACIDC, the NCIS and the AFOSI, in conjunction with audit assistance from the Defense Contract Audit Agency (DCAA).

False Claims

Northrop Grumman Corporation entered into a settlement agreement and will pay the Government \$750,000 to settle a portion of the allegation brought forward in a qui tam suit under the False Claims Act. The settlement addressed allegations of failure by Northrop Grumman Corporation to properly calibrate ovens used to heat-treat aluminum parts for the E8-C Joint Surveillance Target Attack Radar System [JSTARS] aircraft, which is manufactured in Lake Charles, LA. The New Orleans RA conducted the investigation with the AFOSI.





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