

PRESS RELEASE

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U.S. ATTORNEY PETERSON ANNOUNCES RESIGNATION

Madison, Wis. – Erik C. Peterson, the United States Attorney for the Western District of Wisconsin, announced today that he has submitted his resignation to President Barack Obama, effective June 7, 2009.

Mr. Peterson has accepted a position with the Wisconsin Department of Justice, as a prosecutor in the criminal litigation unit, effective June 8, 2009. Wisconsin Attorney General J.B. Van Hollen said, "Erik's professionalism and experience will be tremendous assets to the State Department of Justice's Criminal Litigation Unit."

U.S. Attorney Peterson issued the following statement:

Stepping down as U.S. Attorney is bittersweet for me. I will miss working with my friends and colleagues in the U.S. Attorney's Office. At the same time, however, I am looking forward to a new and challenging position in the Wisconsin Department of Justice, where I will continue working closely with state, local, and federal law enforcement officers throughout the state. And, as a trial lawyer at heart, I am very happy to be returning to the courtroom on a full-time basis.

The U.S. Attorney's Office consistently does excellent work on behalf of the people of the Western District of Wisconsin. I am honored to have had the opportunity to lead the office these past three years. Together with our law enforcement partners, we can be proud of our

many important achievements. I am happy to have played a role in these accomplishments, but the lion's share of credit goes to the dedicated staff of the U.S. Attorney's Office.

During U.S. Attorney Peterson's tenure, the U.S. Attorney's Office won convictions in major cases across the spectrum of federal criminal law, including health care fraud, investment fraud, banking violations, domestic terrorism, child pornography, drug conspiracies, public corruption, gun offenses, violent crimes, alien smuggling, and identity theft. In addition, the office obtained over \$3.5 million dollars in forfeitures, both criminally and administratively, with the majority of forfeited funds seized from drug dealers and turned over to local law enforcement. Peterson also supported the vigorous collection of restitution on behalf of crime victims. The Financial Litigation Unit of the U.S. Attorney's office recovered almost \$4.5 million in criminal restitution, fines, special assessments and affirmative collections. On the civil side, the office brought successful lawsuits involving health care and environmental issues. During United States Attorney Peterson's tenure, the office recovered civilly almost \$5.5 million on behalf of the United States.

In addition to personally prosecuting cases of arson and immigration document fraud, U.S. Attorney Peterson made community outreach and training a high priority of the office. He met regularly with state and local officials by traveling to all 44 counties in the district. He fostered many programs and initiatives during his tenure, including:

Statewide Terrorism Conferences The office began holding statewide terrorism conferences in 2007. The conferences, co-sponsored with state and federal partners, have addressed domestic and international terrorism issues. This year's conference was held on April 1

and 2, 2009, and was attended by over 250 law enforcement officials.

Project Safe Childhood Training The office co-sponsored statewide conferences in 2007 and 2008, attended by law enforcement, educators, probation and parole officers, and social service personnel, to discuss computer-facilitated sexual exploitation crimes against children. Four regional training sessions for local law enforcement were held in May 2008. And in 2009, the office is again co-sponsoring three regional seminars for school liaison officers and educators, often the first responders to computer-facilitated crimes against children.

Project Safe Neighborhood & Anti-Gang Initiatives The office has started anti-gang initiatives and continued its award-winning Project Safe Neighborhood program to combat gun crime, focusing primarily in Rock County and the City of Madison, with special emphasis in the Allied Drive neighborhood.

Drug Endangered Children Program The office's victim-focused Drug Endangered Children (DEC) program seeks to protect children who are victimized by the manufacture and distribution of methamphetamine and other drugs. U. S. Attorney Peterson oversaw the implementation of a grant which has assisted in the establishment of DEC programs at the county and tribal level throughout Wisconsin. In 2008, personnel of the U.S. Attorney's Office were instrumental in the production and distribution of a documentary - *Living in Shadows, the Innocent Victims of Meth.*

Nominated by President George W. Bush, Erik Peterson was confirmed by a unanimous vote of the U.S. Senate and sworn in as U. S. Attorney on June 6, 2006. Prior to his appointment as U. S. Attorney, Mr. Peterson served as the elected District Attorney for Iowa County from 1999-2006, where he was elected four times. He began his law career as an Assistant District Attorney in Richland County, where he served from 1995-1999. He received a bachelor's degree from Drake University in 1992 and a law degree from Marquette University in 1995.

United States Attorney Peterson has taught trial advocacy courses for the U.S.

Department of Justice at the National Advocacy Center, and in Malawi, Kenya, and Azerbaijan on behalf of the Justice Department's Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT). He has also lectured regarding the investigation and prosecution of arson cases and other criminal law topics.

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Examples of Significant Cases

Here are a few examples of the types of significant cases brought by the U.S. Attorney's Office for the Western District of Wisconsin during the tenure of United States Attorney Erik C. Peterson:

Criminal Cases

Pulungan (Arms Export Control Act Violation)

Doli Sharief Pulungan, an Indonesian citizen, was sentenced to four years for conspiring to violate the Arms Export Control Act. Pulungan was a member of an international conspiracy to illegally export 100 Leupold Mark 4 CQ/T Riflescopes out of the United States. The tactical riflescopes have infrared capability and are designed to attach to M-16 and AR-15 assault rifles. The evidence at trial established that Pulungan tried to ship the scopes to Indonesia through Saudi Arabia.

Earth Liberation Front (Domestic Terrorism)

Bryan Lefay was sentenced to three years and Katherine Christianson to two years for their roles in the July 2000 Earth Liberation Front attack on the U.S. Forest Service research facility in Rhinelander, Wisconsin. The defendants, and other individuals, targeted the Rhinelander facility because it was the location of a genetic research experiment designed to make trees more disease resistant. The attack damaged or destroyed approximately 500 trees that were part of the research experiment, and defaced Forest Service vehicles, resulting in a total loss of \$424,361. After the attack, a communique was sent to the press, ending with the words, "We are everywhere and nowhere and we are watching. For wildness and an end to industrial society." It was

signed, "ELF Earth Liberation Front."

Blanchardville Bank Failure (Bank Fraud)

Three individuals were convicted and sentenced for their roles in a fraud scheme that resulted in the failure of the First National Bank of Blanchardville. Mark Hardyman, the former president of the bank, was sentenced to nine years; Bryan Severson, a Blanchardville businessman, was sentenced to 140 months; and Dennis Said, also a Blanchardville businessman, was sentenced to 100 months.

Lutz/Health Visions (Health Care Fraud)

In this \$100,000,000 health care fraud case, Health Visions Corporation and its former president and chief executive officer, Thomas Lutz, were convicted of paying kickbacks in relation to providing medical services to TRICARE beneficiaries. TRICARE is the Department of Defense's worldwide health care program for active duty and retired uniformed services members and their families. The corporation was ordered to liquidate all of its assets and fined \$500,000. Lutz was sentenced to five years in prison. The corporation and Lutz were ordered to pay restitution in the amount of \$99,915,131 based on their kickback scheme and other fraud in submitting false claims to TRICARE.

D'Angelo (Public Corruption)

Robert D'Angelo, the former director of the Overture Center in Madison, was sentenced to a year in prison for mail fraud and filing a false income tax return. D'Angelo defrauded the City of Madison by operating two side businesses – a used book business and a consulting business – from his City office, using City resources including his office computer, office employees, office supplies and equipment, and office storage

facilities.

Schade (Child Pornography)

Jeremy Schade of Janesville, Wis. was sentenced to 220 years in prison for manufacturing child pornography. Between June 2002 and October 2006, Schade sexually assaulted six children and filmed the assaults. His sentence was increased because several of the victims were under twelve years old.

Tepoel (Investment Fraud)

Daniel Tepoel, engaged in an investment scheme known as a "prime bank" scheme resulting in his obtaining \$2.5 million from investors. He was convicted, sentenced to 11 ½ years in prison and ordered to pay \$775,000 in restitution. The scheme centered around false and fraudulent representations that Tepoel had unique access to international trading programs between the top "prime" banks in the world in which bank instruments are supposedly purchased at a discount and resold at a higher price, supposedly generating millions of dollars in profits. These so-called prime bank instruments do not exist.

Ruoho Conspiracy (Methamphetamine)

Wayne Ruoho and eight co-conspirators were convicted of conspiracy to distribute methamphetamine over a several year period. Ruoho traveled with co-conspirators from Minnesota to California, transporting large amounts of U. S. currency to obtain multi-pound quantities of meth. The meth obtained in California was then transported to Minnesota for distribution by Ruoho and his partners in various locations, including Minnesota and Wisconsin. Ruoho was sentenced to 28 years in prison, and his co-

conspirators received sentences ranging from 8 to 22 years in federal prison.

Rock & Jefferson County Wiretap Cases (Cocaine conspiracies)

The office prosecuted two wiretap cases this past year. In Rock County, twelve individuals were charged with cocaine distribution as part of the district's Rock County Safe Streets Task Force – a group of federal, state, and local law enforcement agencies, led by the FBI. Eleven defendants pleaded guilty, and one is a fugitive. In a separate multi-agency investigation, sixteen individuals were charged in two indictments with conspiring to distribute cocaine in Jefferson and Dodge Counties. They all pleaded guilty.

Shah (Alien Smuggling)

Siddhartha Shah was sentenced to 21 months in prison and fined \$20,000 fine for smuggling and harboring four illegal aliens at Shah's Super 8 Motels in Wisconsin Dells and Pleasant Prairie. Shah traveled to Guatemala and arranged to smuggle workers to the United States so that they could work for low wages at his motels. One of the workers lived in a utility closet at one of Shah's motels.

Outhier (Identity Theft)

J. Richard Outhier was sentenced to 54 months in prison for aggravated identity theft and bank fraud based on his stealing the identity of a young man with Down Syndrome. Outhier, posing as a British Broadcasting Company (BBC) reporter, interviewed the victim's mother, pretended to be interested in Down Syndrome awareness. In the process, he obtained the victim's personal identifying information which allowed him to obtain a social security card and Wisconsin driver's license in the

victim's name. Outhier then obtained several credit cards and an auto loan in the victim's name.

Civil Cases

Falks Lignell Pharmacy (Internet Pharmacy Case)

In one of the country's first civil internet pharmacy cases, in 2007 the U.S. Attorney's Office entered into a settlement agreement in which Falks Lignell Pharmacy, in Superior, Wisconsin, agreed to pay the United States \$300,000 in civil penalties. Falks had entered into a "Pharmacy Provider Agreement" (PPA) with a Florida Company - Medical Web Services (MWS). MWS operated websites through which individuals obtained prescriptions through the internet. Significantly, the prescribing doctors neither saw nor examined the person who purportedly filled out the questionnaire before issuing the prescription. As a result, the prescriptions filled by Falks were written and issued outside the usual course of professional treatment or practice, and therefore in violation of federal law.

Heinrich (Clean Water Act Case)

This case involved a violation of Section 404 of the Clean Water Act; filling in a wetland (waters of the United States) without a permit. Heinrich, an Illinois lawyer, filled in a wetland to create a 300 foot access road for his seaplane from an airplane hangar to Little Star Lake. The district court awarded a civil penalty and ordered full restoration of the forested wetland. In 2006, the Court of Appeals affirmed the decision. The district court further ordered Heinrich to pay over \$50,000 for various contempt citations.

Riverview Cancer Center, Inc. (False Claims Act)

From September 1, 2002, through May 31, 2004, Riverview Cancer Center allegedly defrauded Medicare when it submitted billing on behalf of the physician for medical services, more specifically office visits, for services that were not provided or for a more expensive service than was provided or was medically necessary. This latter practice is commonly referred to as "upcoding." Riverview Cancer Center received payment from the Medicare program for the claims submitted. In 2006 Riverview Cancer Center agreed to pay the United States \$165,000 to settle certain civil claims under the False Claims Act. (The settlement was not an admission of liability by Riverview Cancer Center)

United States v. Nancy A. Malek and Farrokh Malek (Fraudulent Transfer Action)

In 2006, Nancy Malek was convicted of Mail Fraud. The federal court sentenced her to serve 38 months of imprisonment, and ordered her to pay her employer, Meriter Hospital, approximately \$500,000 in restitution. Before her sentencing, Ms. Malek had transferred substantially all of her assets to her husband at the time, Farrokh Malek, prior to and as part of a divorce settlement. Since Ms. Malek virtually retained no appreciable assets, the United States filed a fraudulent transfer action against Mr. Malek to recover the value of the assets transferred on behalf of the crime victim. Although Mr. Malek contested the action, the United States successfully argued to the court that the transfers should be voided. As a result, the court awarded a judgment in favor of the United States for the full value of the assets the United States sought to recover. Thereafter, the United States and Malek entered into a settlement agreement which resulted in \$140,000 being paid to the crime victim.