

AFFIDAVIT

I. PRELIMINARY INFORMATION

1. I, Matthew T. Walsh, Special Agent, Federal Bureau of Investigation (FBI), being duly sworn, depose and state as follows:

2. I am a Federal Agent, authorized to investigate violations of the laws of the United States, and I am a law enforcement officer with authority to execute arrest and search warrants issued under the authority of the United States.

3. Your Affiant has been a Special Agent (SA) with the FBI, Baltimore Division, for over ten years, and been assigned the responsibility for conducting white collar crime investigations since January 1998. White collar crimes are considered by the FBI to be those illegal acts characterized by fraud, concealment, or a violation of trust and which are not dependent upon the application or threat of physical force or violence. I have received formal and informal training regarding the conduct of white collar crime investigations. Since 1998, I have been assigned as case agent on numerous white collar crime investigations involving violations of Federal law which include, but are not limited to, bank fraud, mail fraud, wire fraud, money laundering, and conspiracy.

4. The information set forth in this Affidavit is known to me as a result of investigation personally conducted by me and by other law enforcement agents. Thus, the statements contained in this Affidavit are based in part on information provided by Special Agents (SA's) and other employees of the FBI; SA's from the Internal Revenue Service; SA's from the Government of the District of Columbia (DC), Office of Tax and Revenue (OTR), Criminal Investigation Division (CID); SA's from the DC Office of the Inspector General (OIG); and

criminal investigators responsible for Internal Security matters from the DC Office of the Chief Financial Officer (OCFO), Office of Integrity & Oversight (OIO). Statements are also based in part on review of records obtained by federal grand jury subpoenas, documents gathered during the course of the investigation, interviews, consensually recorded conversations, surveillance, and on my experience as a Special Agent.

5. This Affidavit is being submitted for the limited purposes of supporting criminal complaints and establishing probable cause to obtain search warrants and arrest warrants. Thus, I have not set forth each and every fact learned during the course of the investigation. In addition, where conversations or statements are related herein, they are related in substance and in part except where otherwise indicated.

6. This Affidavit is respectfully submitted in support of applications for the issuance of the following:

- a) search warrants for certain premises and electronic mail (e-mail) accounts as set forth in Exhibit A to this Affidavit and included herein by reference; and
- b) arrest warrants for certain individuals as set forth in Exhibit B to this Affidavit and included herein by reference.

7. The facts and circumstances set forth below in this Affidavit demonstrate that there is probable cause to believe that there is presently contained within the properties set forth in Exhibit A of this Affidavit, records, files, correspondence, memoranda, computers, computer disks, bank and other financial records, data, and other materials that constitute evidence of, the fruits of, or instrumentalities of criminal violations of Title 18, United States Code (U.S.C.), Section 1341 (Mail Fraud), Section 1349 (Conspiracy to Commit Mail Fraud), Section 1344

(Bank Fraud), Section 371 (Conspiracy), Sections 1956 and 1957 (Money Laundering and Conspiracy to Commit Money Laundering), and Section 2314 (Interstate Transport of Stolen Property).

8. The facts and circumstances set forth below in this Affidavit demonstrate that there is probable cause to believe that the individuals set forth in Exhibit B of this Affidavit have violated the federal criminal laws, including but not limited to, Title 18, United States Code (U.S.C.), Section 1341 (Mail Fraud), Section 1349 (Conspiracy to Commit Mail Fraud), Section 1344 (Bank Fraud), Section 371 (Conspiracy), Sections 1956 and 1957 (Money Laundering and Conspiracy to Commit Money Laundering), Section 2314 (Interstate Transport of Stolen Property), and Title 26, United States Code (U.S.C.), Section 7201 (Tax Evasion).

II. SUBJECT BACKGROUND INFORMATION

9. **JAYRECE ELAINE TURNBULL** was born on [REDACTED] and has Social Security Number [REDACTED]. **TURNBULL** resides at [REDACTED] Bowie, Maryland [REDACTED]. No employment information or wage history could be located for **TURNBULL**. **TURNBULL** has a large number of bank accounts, including accounts in the names of "Chappa Home Services," "Legna Home Services," and variants of those names, among others. On a D.C. tax return she filed in 2002, **TURNBULL** described Legna Home Services as a cleaning service. **TURNBULL** is listed as the owner of [REDACTED], **TURNBULL**'s driver's license lists [REDACTED] as her address, and various banking statements are currently mailed to **TURNBULL**'s attention at this address.

10. **HARRIETTE WALTERS** was born on [REDACTED] and has Social Security Number [REDACTED]. **HARRIETTE WALTERS** resides at [REDACTED], Washington, DC. **HARRIETTE WALTERS** has been employed by the DC Government since 1981 and has been the Manager of the District of Columbia Real Property Tax Administration Adjustments Unit (RPTAAU), a part of the District of Columbia Office of Tax and Revenue (OTR) since 2004. OTR is located at 941 North Capitol Street NE, Washington, DC, 20002. As Manager of the RPTAAU, one of **HARRIETTE WALTERS**'s duties is to authorize or decline property tax refund requests. **HARRIETTE WALTERS**'s annual salary as a District of Columbia employee is \$81,000. From September 2000 to the present, **HARRIETTE WALTERS** spent over \$1.4 million at Neiman Marcus, the retailer.

11. **DIANE GUSTUS** was born on [REDACTED] and has Social Security Number [REDACTED]. **GUSTUS** resides at [REDACTED], Maryland. She is employed by the DC Government in OTR as a Real Property Program Specialist, with an annual salary of \$55,212. **GUSTUS**'s driver's license lists [REDACTED] as her street address.

12. **K.K., nee K.F.**, was born on [REDACTED] and has Social Security Number [REDACTED]. **K.F.** resides at [REDACTED], Upper Marlboro, Maryland. **K.F.** is employed by the DC Government in OTR as a Customer Service Specialist for the DC Office of the Chief Financial Officer, with an annual salary of \$48,241.

13. **C.W.** was born on [REDACTED] and has Social Security Number [REDACTED]. **C.W.** resides at [REDACTED], Oxon Hill, Maryland. **C.W.** is employed by the DC government in OTR as a Real Property Program Specialist, with an annual salary of \$55,212.

14. **G.R.** was born on [REDACTED] and has Social Security Number [REDACTED]. G.R. resides at [REDACTED], Washington, DC. G.R. is employed by the DC government in OTR as an Accounting Technician, with an annual salary of \$45,560.

15. **C.H.** was born on [REDACTED] and has Social Security Number [REDACTED]. C.H. resides at [REDACTED], Hyattsville, Maryland. C.H. is employed by the DC government in OTR as a Tax Sales Manager, with an annual salary of \$85,860.

16. **S.J.** was born on [REDACTED] and has Social Security Number [REDACTED]. S.J. resides at [REDACTED], District Heights, Maryland. S.J. is employed by the DC Government in OTR as an Accounting Technician, with an annual salary of \$58,631.

17. **CONNIE L. ALEXANDER** was born on [REDACTED] and has Social Security Number [REDACTED]. ALEXANDER lives at [REDACTED], Bowie, Maryland [REDACTED].¹ ALEXANDER has a bank account in the name of "Aurora Re Enterprises." ALEXANDER is listed as the co-owner of [REDACTED], and her driver's license is registered to this address.

18. **W [REDACTED] J [REDACTED]** was born on May 26, 1974 and has Social Security Number [REDACTED]. J [REDACTED] resides at [REDACTED], Essex, Maryland, [REDACTED]. From May 9, 1994 to February 2, 2007, J [REDACTED] was an employee at Bank of America. When Bank of America terminated J [REDACTED]'s employment on February 2, 2007, J [REDACTED] held the position of Assistant Branch Manager at the East Point Mall branch located at 7703 Eastpoint Mall, Baltimore, MD 21224.

¹ ALEXANDER has used the alias "C.L." TURNBULL has a minor child named A.L. ALEXANDER and TURNBULL live in the same neighborhood in Bowie, Maryland, within a quarter of a mile of one another.

19. **RICHARD J. WALTERS** was born on [REDACTED] and has Social Security Number [REDACTED]. **RICHARD WALTERS** resides at [REDACTED], Bowie, Maryland, [REDACTED]. **RICHARD WALTERS** has a bank account in the name of "Helmet's Plumbing and Heating." A vehicle registered to **RICHARD WALTERS** has been observed regularly at [REDACTED], and his driver's license is registered to that address.

20. **RICARDO R. WALTERS** was born on [REDACTED] and has Social Security Number [REDACTED]. **RICARDO WALTERS** resides at [REDACTED], Maryland, [REDACTED]. **RICARDO WALTERS** has a bank account in the name of "Ricardo Walters d/b/a Provident Home Services." **RICARDO WALTERS's** driver's license is registered to [REDACTED], and a vehicle registered to him has been observed in front of the home.

21. In short, **HARRIETTE WALTERS, GUSTUS, C.W., K.F., and G.R.** are District of Columbia employees. **HARRIETTE WALTERS, TURNBULL, RICARDO WALTERS, and RICHARD WALTERS** have a family relationship.²

III. THE SCHEME

22. There is probable cause to believe that **TURNBULL, HARRIETTE WALTERS, GUSTUS, ALEXANDER, J [REDACTED], RICHARD WALTERS, and RICARDO WALTERS** and others are involved in a scheme to steal tens of millions of dollars from the District of Columbia by approving and issuing fraudulent property tax refund checks from OTR. In sum, there is probable cause to believe that **HARRIETTE WALTERS, GUSTUS, and other DC government employees** were involved in preparing or approving fraudulent property tax refund requests to

² On July 26, 2006, an obituary for H.R.W. was published in the *Virgin Islands Daily News*. The obituary stated that H.R.W. had three sisters (**HARRIETTE WALTERS, C.B. and C.S.**) one brother (**RICHARD WALTERS**), two adopted sons (**RICARDO WALTERS and E.C.**), and two nieces (**TURNBULL and S.S.**).

generate over forty separate fraudulent refund checks averaging, at this stage of the investigation, over \$388,000 per check. Those fraudulent tax refund checks were deposited primarily into sham corporate accounts controlled by HARRIETTE WALTERS's relatives, including TURNBULL's "Chappa Home Services" and "Legna Home Services" accounts, RICHARD WALTERS's "Helmet Plumbing and Heating" account, and RICARDO WALTERS's "Provident Home Services" account. The fraudulently obtained funds were then distributed through cash, cashier's checks and wire transfers to the co-conspirators and family members, who used the funds to, among other things, purchase homes, vehicles, jewelry, luxury clothing and houseware items, and other real and personal property. For example, as noted above, from September 2000 to the present, HARRIETTE WALTERS spent more than \$1.4 million at Neiman Marcus. Moreover, some of the money stolen from the District of Columbia has been sent to a money exchange institution in the Dominican Republic that has no bank branches in the United States.

23. HARRIETTE WALTERS abused her position of authority as Manager of the District of Columbia Real Property Tax Administration Adjustments Unit (RPTAAU) to approve fraudulent property tax return requests. HARRIETTE WALTERS would approve refund request packages that, on first glance, had the veneer of legitimacy. Many of the voucher request packets identified to date in this scheme have various attached pages purporting to justify the property tax refund, including copies of checks payable to the District of Columbia for tax liabilities. On closer inspection, however, the attached pages often do not match the name of the company on whose behalf the fraudulent tax refund was purportedly sought. Moreover, the conspirators often used the names of legitimate companies or their agents as the lead payee name on the check,

again to make it appear that the fraudulent requests were true and accurate. Thus, a number of the fraudulent voucher requests list a legitimate (or apparently legitimate) company name but also list as a co-payee a person or entity connected with the conspiracy, so the check generated through the scheme could be deposited into one of the bank accounts controlled by the conspirators. None of the fraudulent tax return voucher request packets has a legitimate Order from the Superior Court Tax Division directing that a tax refund be paid. Significantly, a number of the vouchers use the exact same documentation to support different vouchers applying to different properties. The conspirators were also aided in their scheme by J [REDACTED], who, as an assistant bank manager, was able to assist the conspirators in moving money among and between accounts.

24. The extent of the scheme and magnitude of the fraud are still being assessed. Based on the investigation by the FBI, OIG, and OTR to date, there is probable cause to believe that the scheme has generated at least 42 fraudulent checks, with a financial loss to the District of Columbia of more than \$16 million. That amount may continue to grow as the investigation continues and additional fraudulent checks are discovered. Moreover, of that \$16 million, less than \$2 million in bank accounts have been located thus far.

A. DC Property Tax Refund Process

25. Under the normal and appropriate process by which property tax refunds are requested and issued in the District of Columbia, a legitimate tax refund occurs only when a taxpayer has paid more in taxes than is owed. Overpayments occur because a property is assessed incorrectly or where taxes are prepaid on a property that is later sold, among other reasons.

26. A legitimate property tax refund request typically includes a Court order from the Superior Court of the District of Columbia Tax Division indicating the Tax Docket Number and the exact amount of the refund. Property tax return voucher request paperwork also normally includes details about the property for which a refund is requested, such as the “square” and “lot” numbers of the property on which taxes were assessed and the property owner or agent.

27. Before a property tax refund check is issued, the request must be signed by four DC employees: (1) an RPTAAU employee,³ who prepares the tax refund request by completing a Refund Research Form and a SOAR Revenue Refund Voucher form, the latter being a computer-generated form; (2) an RPTAAU manager, who verifies the Refund Research Form and approves the Voucher; (3) the person who enters the data into the disbursement system (from Revenue Accounting); and (4) a Revenue Accounting manager (who verifies that the data was entered correctly). Only the first two employees’ signatures relate to actual review and approval of the tax refund request; the latter two signatures relate only to the accurate entry and verification of data into the DC government disbursement system. If the taxpayer qualifies for a refund, the RPTAAU submits a request for a refund check to be issued for the taxpayer.

B. Execution of the Scheme

28. As detailed below, the conspirators in this scheme obtained millions of dollars in fraudulent property tax refunds by submitting applications for property tax refunds with false information, including false applicant names and false property information. The scheme succeeded because corrupt District of Columbia government employees knowingly approved fraudulent property tax refund applications.

³ The RPTAAU is a division of the DC Office of the Chief Financial Officer (OCFO), Office of Tax and Revenue (OTR).

29. To obtain a refund check from the DC government, the conspirators had to submit property tax refund applications and receive approval of those applications. As discussed above, to generate a refund check, the scheme required the creation of a refund voucher within the RPTAAU. The voucher essentially requested the refund of a property tax overpayment.

30. One of the indicators used by OTR investigators to identify fraudulent refund checks in this case was a comparison of the square and lot number listed on the voucher requesting a property tax refund to the property owner information on record. If the property owner name did not correspond with the square and lot number, this provided evidence that the refund request may have been fraudulent. For most, if not all, of the checks issued in this scheme, the payee name on the refund check did not correspond with DC records regarding the owner of a particular square/lot number. Additionally, the scheme succeeded because HARRIETTE WALTERS used her position of authority to approve each fraudulent refund voucher, knowing that the vouchers were fraudulent. These approvals resulted in the issuance of fraudulent checks.

31. Upon approval of a property tax refund voucher by HARRIETTE WALTERS, a refund check was issued by a different branch of OTR. The fraudulent refund checks generally were not mailed to taxpayers or their representatives. Instead, the checks were labeled "Hold for Pick-up" and maintained in a DC government office. One of the conspirators, or someone acting on their behalf, picked up the fraudulent refund checks and arranged for them to be deposited into one of the accounts controlled by the conspirators. Records obtained from OTR reflect the signature of HARRIETTE WALTERS as having picked up a number of the fraudulent property tax return checks she approved. The illicit funds were laundered through those accounts and distributed among and between the conspirators.

C. **Fraudulent Checks Identified To Date**

32. Exhibit C to this Affidavit, which is incorporated herein by reference, is a table containing information regarding the fraudulent checks in this scheme that have been identified to date. Exhibit C demonstrates that, of the 42 fraudulent property tax return checks identified thus far, all were approved by HARRIETTE WALTERS; 33 indicate that they were prepared by GUSTUS; six indicate that they were prepared by G.R.; two indicate that they were prepared by C.W; and one indicates it was prepared by a former employee.

33. Moreover, of the 42 fraudulent property tax return checks identified thus far, two list "Legna Home Services" or a variant of that entity as a payee or co-payee; 14 list "Chappa Home Services" or a variant as a payee or co-payee; five list "Provident Homes Services" or a variant as a payee or co-payee; three list "Helmet Corporation" or a variant as a payee or co-payee; and two list "Aurora R.E. Enterprises" or a variant as a payee or co-payee.

34. Once the conspirators obtained the fraudulent property tax refund checks, they deposited them into bank accounts they controlled, including at bank branches in Maryland. Of the 42 fraudulent property tax refund checks identified thus far, 30 were deposited into accounts with TURNBULL's name listed as an account holder; three were deposited into an account with RICHARD WALTERS's name listed as an account holder; six were deposited into an account with RICARDO WALTERS's name listed as an account holder; and two were deposited into an account with ALEXANDER's name listed as an account holder.

35. A number of the fraudulent property tax return checks were successfully cashed and deposited even though the payee name on the refund check did not match the account holder's name on the bank account.

36. Below is a discussion of eight of the checks that appear within Exhibit C, which establish probable cause to believe that the checks in question are fraudulent.

1. Refund Voucher 2337

Date of Check:	March 11, 2005
Check No.:	6243600
Drawn From:	DC Government bank account number xxxxxxxx2547 (Bank of America) ⁴
Amount:	\$350,000
Payable To:	1301 LIMITED PARTNERSHIP C/O CHAPPAHOME SERVICES INC. HOLD FOR PICK-UP WASHINGTON DC 20001
Voucher Prepared By:	GUSTUS (February 24, 2005)
Voucher Authorized By:	HARRIETTE WALTERS (February 25, 2005)
Deposit Date:	March 13, 2005
Deposited Into:	Bank of America account xxxxxxxx3993
Account Owner:	JAYRECE E. TURNBULL d/b/a LEGNA HOME SERVICES
Account Opened:	November 5, 2001

37. On February 25, 2005, HARRIETTE WALTERS authorized Voucher 2337, which called for a refund of real property taxes to an entity identified as "1301 Limited Partnership, c/o Chappahome Services, Inc." GUSTUS is indicated as having prepared (on February 23, 2005) the Refund Research Form for Voucher 2337, and HARRIETTE WALTERS verified that form on the same date. Based on HARRIETTE WALTERS's authorization, on March 11, 2005, the District of Columbia issued Check No. 6243600, payable to "1301 Limited Partnership, c/o

⁴ To date, all fraudulent checks identified as part of this scheme were issued from Bank of America Account No. xxxx2547, registered to the Government of the District of Columbia. This account is used by the DC Government as a "disbursement account."

Chappahome Services Inc.” in the amount of \$350,000.00. The check was designated “Hold for Pick-Up.”

38. Voucher 2337 and its underlying Refund Research Form are materially deficient in several respects that, taken separately and in the aggregate, provide probable cause to believe that the Voucher was created as part of the conspirators’ scheme to defraud. For example:

a) Voucher 2337 purports to authorize a refund of real property taxes paid for square/lot number 2183-0812. However, available DC property records do not list a property with that square/lot number;

b) The Refund Research Form lists a different square/lot number (2138-0812) than the square/lot number on Voucher 2337. Square and lot number 2138-0812 is a valid number corresponding to a property located at 2500 Calvert St NW, in Washington DC. The actual taxpayer for this property is “Omni Acquisition Corp., Omni Hotels Treasury,” 420 Decker Dr, Irving, TX 75062-3951. The entity that received a property tax refund based on Voucher 2337--- “1301 Limited Partnership, c/o Chappahome Services Inc.”---has no known association with the Omni Hotel or to square/lot number 2138-0182;

c) The Refund Research Form does not include legitimate justification (e.g., a court order or other formal document explaining the basis for the refund) for a real property tax refund of \$350,000.00. To the contrary, the Refund Research Form lists “tax due,” “amount paid” and “overpayment” figures that do not correspond to the supporting documentation;

