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TWENTY-SIX CHARGED IN NATIONWIDE SCHEME TO DEFRAUD THE FCC'S VIDEO RELAY SERVICE PROGRAM

Arrests Made in Nine States

WASHINGTON – Indictments were unsealed today against 26 people charged with engaging in a scheme to steal millions of dollars from the Federal Communications Commission's (FCC) Video Relay Service (VRS) program, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division, Assistant Director of the FBI's Washington Field Office Joseph Persichini Jr., Deputy Chief Postal Inspector Zane Hill, and FCC Chief of Staff Edward Lazarus.

Arrests were made today by FBI agents and Postal Inspectors in New York, New Jersey, Florida, Texas, Pennsylvania, Arizona, Nevada, Oregon and Maryland, and were the result of a joint FBI, U.S. Postal Inspection Service (USPIS) and FCC Office of Inspector General (FCC-OIG) investigation into a nationwide scheme to defraud the FCC's VRS program.

"The individuals charged in connection with today's operation are alleged to have stolen tens of millions of dollars from an important government program that is intended to help deaf and hard-of-hearing Americans communicate with hearing persons," said Assistant Attorney General of the Criminal Division Lanny A. Breuer. "These defendants are alleged to have generated fraudulent call minutes by making it appear that deaf Americans were engaging in legitimate calls with hearing persons, when in reality, the defendants were simply attempting to steal money from an FCC program that is funded by every single American who pays their telephone bills. The Department of Justice will not stand by and let corporate executives and others line their pockets with money that should be used to help deaf Americans."

"Unfortunately, this remarkable service, designed to help those in need, also provided a growth opportunity for criminal activity that we believe has cost American consumers tens of millions of dollars," said Joseph Persichini, Jr., Assistant Director of the FBI's Washington Field Office.

"When the U.S. Mail is used for the purposes of committing fraud, and in this case, a particularly insidious type of fraud, it's the job of the Postal Inspection Service to aggressively investigate and ensure America's confidence in the integrity of its postal system," said Deputy Chief Postal Inspector Zane M. Hill.

“Today’s events represent both a tragedy and an opportunity,” said FCC Chief of Staff Edward Lazarus. “The tragedy is the unfortunate truth that a significant number of unscrupulous individuals, at great cost to the nation, have preyed on a very important program for delivering essential telecommunications services to persons with hearing disabilities. The ‘opportunity’ is the chance to reiterate our commitment to the VRS program and to follow through on efforts, already begun at the FCC, to safeguard the program against further waste, fraud, and abuse and to improve its delivery of VRS services to consumers.”

The indictments allege that 26 individuals engaged in a scheme to defraud the FCC by submitting false and fraudulent claims for VRS calls, causing the FCC to reimburse the defendants at a rate of approximately \$390 per hour. According to the indictments, VRS is an online video translation service that allows people with hearing disabilities to communicate with hearing individuals through the use of interpreters and Web cameras. A person with a hearing disability who wants to communicate with a hearing person can do so by contacting a VRS provider through an audio and video Internet connection. The VRS provider, in turn, employs a video interpreter to view and interpret the hearing disabled person’s signed conversation and relay the signed conversation orally to a hearing person. VRS is funded by fees assessed by telecommunications providers to telephone customers, and is provided at no cost to the VRS user.

The indictments charge owners and employees of the following seven companies with engaging in a scheme to defraud the FCC’s VRS program:

Viable Communications Inc., of Rockville, Md.;
Master Communications LLC, of Las Vegas;
KL Communications LLC, of Phoenix;
Mascom LLC of Austin, Texas;
Deaf and Hard-of-Hearing Interpreting Services Inc. (DHIS), of New York and New Jersey;
Innovative Communication Services for the Deaf Corp. (ICSD), of Miami Lakes, Fla.;
and
Deaf Studio 29 of Huntington Beach, Calif.

Each of the indictments alleges that the defendants made, caused others to make, or processed fraudulent VRS calls that were then submitted to the FCC for reimbursement. These calls, often referred to as “r calls,” “rest calls” or “run calls,” served no purpose other than to generate call minutes that would be billed to the FCC’s VRS Fund.

In the first indictment, Viable Communications Inc. and four Viable executives have been charged with fraudulently generating VRS call minutes and obtaining reimbursements from the FCC for those calls. Viable owner and CEO John Yeh, 62, of Potomac, Md.; Viable Chief Operating Officer Joseph Yeh, 64, of Potomac; Viable Assistant Vice President Anthony Mowl, 25, of Rockville, Md.; and Viable Human Relations Director Donald Tropp, 25, of Rockville, have been charged in a six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit mail fraud; and mail fraud.

In the second indictment, Master Communications, KL Communications and Mascom owners and employees have been charged with generating fraudulent VRS minutes. According to the indictment, these companies operated VRS call centers for Viable that generated and processed a large volume of fraudulent VRS calls, which were then submitted to the FCC's TRS Fund Administrator for reimbursement. Master Communications, KL Communications and Mascom owner and employee Kim E. Hawkins, 46, of Las Vegas; Master Communications employee and KL Communications owner and employee Larry Berke, 62, of Phoenix; KL Communications employee Dary Berke of Phoenix; KL Communications and Master Communications employee Lisa Goetz, 43, of Phoenix; and Mascom Marketing and Advertising Director David Simmons, 43, of Austin; have been charged in a six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit mail fraud; and mail fraud.

In the third indictment, DHIS owners and employees have been charged with generating and processing a large volume of fraudulent VRS calls. According to the indictment, DHIS operated VRS call centers for Viable that generated and processed fraudulent VRS calls. DHIS co-owners Irma Azrelyant, 47, of Basking Ridge, N.J., and Joshua Finkle, 41, of New York; DHIS video interpreter Natan Zfati, 31, of Brooklyn, N.Y.; DHIS bookkeeper Oksana Strusa, 35, of Jersey City, N.J.; DHIS video interpreter Alfia Iskandarova, 29, of Brooklyn; and DHIS video interpreter Hennadii Holovkin, 36, of Philadelphia; have been charged in a six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit mail fraud; and mail fraud.

In the fourth indictment, ICSD owners and employees have been charged with generating and processing a large volume of fraudulent VRS calls. According to the indictment, ICSD operated VRS call centers for Viable that generated and processed a large number of fraudulent VRS calls. The indictment also alleges that ICSD owners and employees engaged in sham "marketing calls" for the stated purpose of marketing VRS services, but for the alleged true purpose of fraudulently generating additional VRS minutes. ICSD co-owners Yosbel Buscaron, 25, and Lazaro Fernandez, 35, both of Hialeah, Fla.; ICSD call center manager Wanda Hutchinson, 35, of Pembroke Pines, Fla.; ICSD call center manager Jessica Bacallo, 23, of Miami; and ICSD marketing manager Kathleen Valle, 23, of Miami; have been charged in a six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit mail fraud; and mail fraud.

In the fifth indictment, defendants Benjamin Pena, Robert Z. Rubeck and Tamara Frankel have been charged with generating fraudulent VRS calls. According to that indictment, Pena was allegedly paid by Viable owner and CEO John Yeh to generate fraudulent VRS minutes. Also according to the indictment, Pena allegedly paid Rubeck and Frankel to make VRS calls for the purpose of generating those fraudulent minutes. Pena, 34, of Scottsdale, Ariz.; Rubeck, 34, of Surprise, Ariz.; and Frankel, 28, also of Surprise; have been charged in the six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit mail fraud; and mail fraud.

Deaf Studio 29 owners and employees have been charged in a sixth indictment with generating fraudulent VRS calls. According to the indictment, Marc Velasquez Verson, Ellen Thompson

and Doris Martinez allegedly organized and paid employees to use a particular VRS provider to make run calls. That provider would pay the defendants approximately 20 to 25 percent of the money the provider received from the FCC for the calls generated by the defendants. Velasquez, 56, of Oswego, Ore.; Ellen Thompson, 43, of Lake Oswego, Ore.; and Doris Martinez, 51, also of Oswego; were charged in the six-count indictment with conspiracy to defraud the U.S. government and to submit false claims; submitting false claims; conspiracy to commit wire fraud; and wire fraud.

All of the indictments seek criminal forfeiture from each of the charged defendants. An indictment is merely an accusation, and defendants are presumed innocent unless proven guilty.

These cases are being prosecuted by Assistant Chief Hank Bond Walther and Trial Attorney Brigham Cannon of the Criminal Division's Fraud Section, with the investigative assistance of the FBI's Washington Field Office, USPIS and FCC-OIG.

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