



El Paso Attorney Luther Jones and El Paso County District Clerk Gilbert Sanchez Were Each Sentenced

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

Submitted at 7:05 AM August 16, 2011

The U.S. Attorney's Office Western District of Texas on August 15, 2011 released the following:

“EL PASO ATTORNEY LUTHER JONES AND FORMER EL PASO COUNTY DISTRICT CLERK GILBERT SANCHEZ SENTENCED TO SIX YEARS IN FEDERAL PRISON

United States Attorney John E. Murphy and FBI Special Agent in Charge David Cuthbertson announced that El Paso attorney Luther Jones and El Paso County District Clerk Gilbert Sanchez were each sentenced today to six years in federal prison followed by three years of supervised release for scheming to deprive El Paso County and its citizens of the right to the honest services of elected members of the El Paso County Commissioner's Court. In addition, United States District Judge Frank Montalvo ordered that Jones pay a \$50,000 fine.

“The sentences imposed today send a strong message that those who have attempted to corrupt members of the El Paso County government will be held accountable for their actions and that such

dishonesty will not be tolerated,” stated United States Attorney John E. Murphy.

In April, a federal jury found Jones and Sanchez guilty of one count of conspiracy to commit wire fraud and deprivation of honest services and one count of conspiracy to commit mail fraud and deprivation of honest services.

Evidence presented during trial revealed that from October 2003 until July 2004, Jones and Sanchez conspired with others in a scheme to secure a multimillion dollar document imaging contract between El Paso County and one of Luther Jones' clients. Specifically, Jones offered bribes in the form of cash, travel expenses to Las Vegas and gratuities to Sanchez, which Sanchez accepted, for his support of the contract and influence in his official capacity as an elected public servant. In addition, Sanchez directed another county employee, with assistance from Jones, to structure a Request for Proposal (RFP) with limitations embedded in the RFP that would assist Jones' client in securing the contract. Furthermore, Jones caused cash bribes in the form of campaign contributions to be paid to a member of the El Paso County Commissioners Court for support in securing the multimillion dollar vendor contract for his client.

“The sentences imposed today reflect the seriousness of the crimes that the defendants have been convicted of. The FBI and our law enforcement partners will continue to seek justice for El Paso citizens through the thorough and timely investigation of all credible allegations of public corruption in our community,” stated David Cuthbertson, Special Agent in Charge, Federal Bureau of Investigation, El Paso Division.

This investigation was conducted by the Federal Bureau of Investigation. Assistant United States Attorneys Laura Franco Gregory and Antonio Franco, Jr., prosecuted this case on behalf of the Government.”

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#). Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.

Joseph F. Skowron III Pled Guilty in Manhattan Federal Court to conspiracy to Engage in Insider Trading and Obstruction of Justice

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

Submitted at 6:00 AM August 16, 2011

The U.S. Attorney's Office Southern District of New York on August 15, 2011 released the following:

“FORMER HEDGE FUND PORTFOLIO MANAGER JOSEPH “CHIP” SKOWRON PLEADS GUILTY IN MANHATTAN FEDERAL COURT TO INSIDER TRADING SCHEME INVOLVING CLINICAL DRUG TRIAL

Inside Tips Allowed Fund to Avoid \$30 Million in Losses
PREET BHARARA, the United States

Attorney for the Southern District of New York, announced that JOSEPH F. SKOWRON III, a/k/a “Chip Skowron,” a former portfolio manager of the health care unit of a hedge fund group (the “Hedge Fund”), pled guilty today to conspiracy to engage in insider trading and obstruction of justice. SKOWRON used material, non-public information (“Inside Information”) that he received from YVES BENHAMOU, a doctor who served as an advisor on a clinical drug trial, to avoid approximately \$30 million in trading losses. SKOWRON obstructed justice by urging BENHAMOU to lie to

the U.S. Securities and Exchange Commission (“SEC”) during an investigation into his trading. SKOWRON pled guilty in Manhattan federal court before U.S. District Judge DENISE L. COTE.

Manhattan U.S. Attorney PREET BHARARA said: “Chip Skowron is the latest example of a portfolio manager willing to pay for proprietary, non-public information that gave him an illegal trading edge over the average investor. He seized upon the opportunity presented by

JOSEPH page 2



JOSEPH

continued from page 1

his advance knowledge to avoid \$30 million in losses on the basis of information concerning just one stock. The integrity of our market is damaged by people who, like Chip Skowron, engage in insider trading, and they will continue to be prosecuted by this office.”

According to the Information, a Complaint previously filed in this case, other court filings, and statements made during today’s guilty plea proceeding:

During the period of the insider trading scheme, SKOWRON was responsible for the Hedge Fund’s investment decisions in public companies, including the biopharmaceutical company Human Genome Sciences, Inc. (“HGSI”), that were involved in the development of drugs to treat hepatitis C. BENHAMOU was a medical doctor with an expertise in hepatitis treatment who served on an HGSI steering committee that oversaw a clinical trial of a drug called Albuferon. At the same time, BENHAMOU also worked as a consultant for an expert networking firm that, for a fee, put him in contact with portfolio managers and other investors at hedge funds, including SKOWRON, who purchased and sold securities in the healthcare sector.

Beginning in April 2007, SKOWRON developed a personal and financial relationship with BENHAMOU independent of the expert networking firm. For example, SKOWRON gave BENHAMOU 5,000 euros in cash during a meeting in Barcelona, Spain. He also paid some of BENHAMOU’s expenses, including \$4,624.83 in September 2007 for a New York City hotel room for him and his wife. SKOWRON also offered to hire BENHAMOU as a consultant or permanent advisor to a new hedge fund. SKOWRON gave these benefits to BENHAMOU to encourage him to provide Inside Information about the Albuferon clinical drug trial. BENHAMOU understood that SKOWRON would buy or sell HGSI stock on the basis of the Inside Information.

For example, on January 18, 2008, after learning from BENHAMOU that HGSI’s

independent safety committee had recommended to discontinue a portion of the clinical trial following serious adverse side effects suffered by two patients, SKOWRON directed a trader at the Hedge Fund to “sell the hgsi,” “all of it.” On January 22, 2008, the day before HGSI announced it would discontinue a portion of the trial, BENHAMOU disclosed this information, as well as the potential of a press release from HGSI, to SKOWRON. While on the phone with BENHAMOU, SKOWRON sent an instant message to a trader at the Hedge Fund, urging him to sell the remaining HGSI shares more quickly. As a result of those communications, SKOWRON caused the Hedge Fund to sell more than 6 million shares of HGSI, thereby avoiding approximately \$30 million in losses.

In addition, SKOWRON and BENHAMOU undertook efforts to conceal the insider trading scheme from regulatory authorities. Specifically, beginning in February 2008 after the SEC began investigating the Hedge Fund’s trading in HGSI stock, SKOWRON induced BENHAMOU to lie to the SEC by falsely denying that they had discussed the serious adverse events before they were made public.

SKOWRON, 42, of Greenwich, Connecticut, pled guilty to one count of conspiracy to commit securities fraud and obstruct justice. He faces a maximum penalty of five years in prison and a maximum fine of \$250,000 or double the gain or loss arising from his conduct. In addition, he agreed to forfeit \$5,000,000 to the United States. He is scheduled to be sentenced by Judge COTE on November 18, 2011, at 10:00 a.m.

BENHAMOU previously pled guilty in April 2011 to charges of conspiracy to commit securities fraud, securities fraud, conspiracy to obstruct justice, and making false statements to the FBI related to the scheme. He is scheduled to be sentenced by U.S. District Judge GEORGE B. DANIELS on October 20, 2011, at 10:00 a.m.

Mr. BHARARA praised the investigative work of the Federal Bureau of

Investigation. He also thanked the SEC for its assistance.

This case was brought in coordination with President BARACK OBAMA’s Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force 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.

This case is being handled by the Office’s Securities and Commodities Fraud Task Force, Assistant U.S. Attorneys PABLO QUIÑONES, REED M. BRODSKY, and DAVID B. MASSEY are in charge of the prosecution.”

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.



Cornell Wade Sentenced in U.S. District Court in Wheeling on Federal Drug Charges

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

Submitted at 9:17 AM August 16, 2011

The U.S. Attorney's Office Northern District of West Virginia on August 15, 2011 released the following:

“Wheeling Resident Sentenced on Drug Charge

WHEELING, WEST VIRGINIA – A 35 year old Wheeling, West Virginia, resident who was a key player in the Robert “R.J.” Saunders conspiracy was sentenced in United States District Court in Wheeling before Judge Frederick P. Stamp, Jr.

United States Attorney William J. Ihlenfeld, II announced that CORNELL WADE was sentenced today to 89 months imprisonment to be followed by four years of supervised release. In March WADE entered a plea of guilty to one count of a drug conspiracy involving over 500 grams of cocaine and a quantity of marijuana;

Fritzler F. Thomas Entered a Plea of Guilty in U.S. District Court in Martinsburg to Distribution of Crack Cocaine Within 1,000 Feet of A School

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

Submitted at 8:23 AM August 16, 2011

The U.S. Attorney's Office Northern District of West Virginia on August 15, 2011 released the following:

“Martinsburg Resident Enters Plea to Crack Cocaine Charge

MARTINSBURG, WEST VIRGINIA – A 42 year old Martinsburg, West Virginia, resident entered a plea of guilty today (August 15, 2011), in United States District Court in Martinsburg before Magistrate Judge David J. Joel.

United States Attorney William J. Ihlenfeld, II, announced that FRITZLER F. THOMAS entered a plea of guilty to one count of distribution of crack cocaine within 1,000 feet of the North Middle School on March 17, 2008, in Martinsburg. THOMAS, who is in custody pending sentencing, faces a maximum exposure of 1 to 60 years imprisonment and a fine of \$4,000,000

one count of the aiding and abetting Saunders in the illegal use of a telephone to facilitate the distribution of cocaine on July 24, 2009, in Wheeling; and one count of aiding and abetting Saunders in the possession with intent to distribute cocaine within 1,000 feet of the Madison Elementary School on July 24, 2009, in Wheeling. For these convictions WADE received 77 months in prison, and then was given another 12 months in prison for violating his supervised release on a prior federal drug conviction, for a total of 89 months of incarceration.

As part of his plea, WADE has agreed to the forfeiture of his interest in money seized from his residence on August 27, 2009, and admitted to supplying Saunders between 1.1 and 4.4 pounds of crack cocaine between 2006 and 2009. WADE was remanded to the custody of the United States Marshal pending designation to a Federal institution.

due to a prior drug felony conviction in Florida.

The case was prosecuted by Assistant United States Attorney Paul T. Camilletti and was investigated by the Eastern Panhandle Drug & Violent Crime Task Force, consisting of officers from the West Virginia State Police – Bureau of Criminal Investigation, the Martinsburg Police Department, and the Berkeley County Sheriff's Department.”

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.

The case was prosecuted by Assistant United States Attorney John C. Parr and was investigated by the Ohio Valley Drug & Violent Crimes Task Force. The Task Force consists of officers from the Wheeling Police Department, the Ohio County Sheriff's Department, and the Drug Enforcement Administration.”

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

The author of this blog is Douglas McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.