



## Judges Rule Galleon Chief Must Go to Prison

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

Submitted at 8:20 AM December 2, 2011

The New York Times on December 1, 2011 released the following:

“BY PETER LATTMAN

A federal court has denied Raj Rajaratnam’s request to remain free on bail while he appeals his insider-trading conviction, a ruling that forces the fallen hedge fund manager to report to prison on Monday.

Mr. Rajaratnam, the former head of the hedge fund Galleon Group, is set to serve his 11-year sentence — the longest prison term to date for insider trading — in a federal prison in Ayer, Mass.

In a last-ditch try to keep their client out of jail pending his appeal, his lawyers appeared at the United States Court of Appeals for the Second Circuit in Lower Manhattan on Wednesday. They argued that his case raised substantial questions of law that mandated his release until the appeal was resolved.

In a short order issued Thursday afternoon, the three-judge panel, without explanation, denied Mr. Rajaratnam’s request. During the hearing, the judges had expressed concern that Mr. Rajaratnam was a flight risk and could have an incentive to flee to his native Sri Lanka.

“Wouldn’t he rather be living as a centimillionaire in his own country rather than as a convict in a jail?” Judge Dennis Jacobs asked Patricia A. Millett, a lawyer for Mr. Rajaratnam, at the hearing on Wednesday.

Beginning Monday, Mr. Rajaratnam will be living at the Federal Medical Center Devens in Massachusetts. Mr. Rajaratnam, 54, was assigned there because of his health problems. He has diabetes that could lead to eventual kidney failure, according to medical records



submitted to the court.

The Devens prison is located about 200 miles from his luxury apartment on Sutton Place in Manhattan, where he lives with his wife and three children.

Mr. Rajaratnam’s surrender to the Bureau of Prisons is a milestone in the government’s most prominent insider trading prosecution since the 1980s. Federal authorities arrested Mr. Rajaratnam in October 2009, charging him with orchestrating a multiyear insider trading conspiracy involving senior corporate executives, management consultants and other hedge fund managers.

In May, a jury found him guilty of securities fraud and conspiracy. Between the criminal case and a parallel civil proceeding brought by the Securities and Exchange Commission, Mr. Rajaratnam has been ordered to pay about \$157 million in fines, the largest penalty assessed so far in an insider trading case.

The pursuit of insider trading by federal prosecutors appears to be continuing

unabated. Before year end, the government is expected to bring a new set of insider trading charges against traders at Diamondback Capital Management and Level Global Investors, according to a person with direct knowledge of the case who spoke on the condition of anonymity because he was not authorized to discuss it publicly.

The new cases are based in part on wiretapped conversations between the traders and illegal tipsters, this person said. Dozens of secretly recorded conversations between Mr. Rajaratnam and his accomplices also formed the core of the evidence against him at trial.

They will also form the core of Mr. Rajaratnam’s appeal, which could take as long as a year to resolve. His lawyers will argue that the government improperly obtained judicial authorization to wiretap his telephone, violating the law and Mr. Rajaratnam’s constitutional rights.”

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**Aryan Brotherhood of Texas Member Convicted of Federal Racketeering and Firearms Charges Related to Jefferson County, Texas, Shooting**

(USDOJ: Justice News)

Submitted at 11:02 AM December 2, 2011

John Oliver Manning, aka “Fish,” 52, of Pasadena, Texas, was charged by a federal grand jury on Mar. 17, 2011, with violent crimes in aid of racketeering activity.

## Statement of the Department of Justice's Antitrust Division on Its Decision to Close Its Investigation of Google Inc.'s Acquisition of Admeld Inc.

(USDOJ: Justice News)

Submitted at 11:25 AM December 2, 2011

The Antitrust Division obtained extensive information from Google, Admeld and a wide range of market participants in connection with its merger investigation

of the proposed transaction. After a thorough review of the evidence, the division concluded that the transaction is not likely to substantially lessen competition in the sale of display advertising.



# Ryan N. Hermon, Chief of Staff to New York State Assemblyman William F. Boyland Jr., Charged with Alleged Bribery and Hobbs Act Extortion Conspiracy

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

Submitted at 8:31 AM December 2, 2011

The Federal Bureau of Investigation (FBI) on December 1, 2011 released the following:

“Loretta E. Lynch, United States Attorney for the Eastern District of New York, and Janice K. Fedarcyk, Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation, today announced the unsealing of a complaint charging Ryan N. Hermon, chief of staff for New York State Assemblyman William F. Boyland, Jr., with bribery and conspiracy to solicit more than \$250,000 in exchange for performing official acts for the bribe payers.[1] Hermon was arrested today and is scheduled to be arraigned this afternoon before United States Magistrate Judge Robert M. Levy, at the U.S. Courthouse, 225 Cadman Plaza East, Brooklyn, New York.

The criminal complaint alleges the following:

Between August 2010 and August 2011, Hermon, Assemblyman Boyland and others conspired to solicit and accept bribes from a carnival promoter (“CW”) and two undercover FBI agents (“UC1” and “UC2”), whom they believed to be out-of-state businessmen and real estate developers, in exchange for taking official action to secure business opportunities for CW, UC1 and UC2. Hermon is also charged with bribery for soliciting and accepting several thousand dollars in cash bribes from UC1 in exchange for taking official actions as opportunities arose on behalf of CW’s carnivals.

**Carnival Scheme: Hermon Solicits and Takes Approximately \$2,000 in Cash Bribes**

Starting in August 2010, Assemblyman Boyland agreed to assist CW and UC1 with CW’s carnival business.[2] In February 2011, Hermon told UC1 during a recorded conversation that she had become a member of the “team” assigned to work on CW’s carnivals.

On February 24, 2011, CW met with Hermon and another member of Assemblyman Boyland’s staff to discuss what CW needed from Assemblyman Boyland’s office. At the recorded meeting, Hermon asked CW whether she would be paid for her work: “[W]e are not making any money. Are we getting some money for this?” When the CW responded affirmatively, Hermon asked: “Are we getting money or are you giving it to my

boss?” She then stated, “[M]y check can go to my business needs.”

On February 27, 2011, Hermon solicited and took a \$1,000 cash bribe from UC1 at a restaurant in Manhattan. During the recorded meeting, UC1 and Hermon discussed what UC1 and CW needed from Assemblyman Boyland’s office for the carnivals. UC1 suggested that a call from Hermon to government officials would carry “more weight” than calls from other staffers. Hermon agreed, stating, “Absolutely, it does.”

During this meeting Hermon again indicated to UC1 that she was interested in being paid for her work, stating, “I wouldn’t mind, you know, eating some steak or potatoes.” UC1 offered to give Hermon a “down payment,” which Hermon enthusiastically accepted. An excerpt of the conversation follows:

UC1: I can even make a down payment today if you like, or check or cash or whatever you like.

HERMON: I would love that.

UC1: Okay, good.

HERMON: Are you serious?

UC1: Yeah, oh yeah. I come prepared for all—

HERMON: Oh my God!

UC1: I come prepared for all contingencies.

HERMON: You just, like, made me hot.

At the end of the lunch, UC1 paid HERMON \$1,000 in cash.

On or about March 8, 2011, CW met with Hermon at Assemblyman Boyland’s district office. Hermon gave CW five signed letters that she had prepared. The letters were written on Assemblyman Boyland’s official letterhead and expressed Assemblyman Boyland’s support for CW and the carnivals that CW purported to be promoting.

On or about March 31, 2011, Hermon solicited and accepted another \$1,000 cash bribe from UC1 in his car. During the recorded meeting, Hermon told UC1 that she was sharing the money she received from UC1 with other staffers in Assemblyman Boyland’s office. Hermon told UC1 that as a result of the bribes, he was receiving better service from the staffers: “[T]he staff, when I come in and say well [UC1] needs this, dah dah dah did dah. They’re jumping ‘cause they know, like I’m, they’re gonna get something or they got something.”

**Conspiracy to Solicit Over \$250,000 for Official Action and Influence**

Assemblyman Boyland was charged with

bribery in a separate case in the Southern District of New York on March 10, 2011.[3]

On or about March 22, 2011, during a recorded telephone conversation, Hermon informed UC1 that she was calling on Assemblyman Boyland’s behalf to “see if you can actually help him financially with, you know, retaining an attorney, he needs some cash and he’s cash strapped. . . . [T]hat’s exactly what he’s calling about.” Hermon then informed UC1 that the amount Assemblyman Boyland needed was \$7,000.

On or about March 25, 2011, UC1 met Assemblyman Boyland at his district office in Brooklyn. During that meeting, which was recorded by UC1, Assemblyman Boyland and UC1 discussed real estate development projects in Assemblyman Boyland’s district that Assemblyman Boyland had previously discussed with UC1 and UC2. UC1 made clear that the money he was going to give Assemblyman Boyland was coming from both him and UC2, and in response, Assemblyman Boyland stated, “We’ll do business.” UC1 then told Assemblyman Boyland that he and UC2 wanted state grant monies to help finance the proposed development projects. Assemblyman Boyland assured UC1 that the money was there and stated that his support was a “no brainer” because the projects are “right here at home.”

At the end of the meeting, UC1 gave Assemblyman Boyland the \$7,000 in cash, and stated: “Knowing that if you think you want to bring someone else onboard or knowing that you’ll be there politically for us is all that we’re looking for.” In response, Assemblyman Boyland made a “thumbs up” sign and affirmed that “the political thing will be fine in terms of just where we need to go because I’m thinking environmental and I’m thinking the two houses of the state and city. You know, the relationships are there.”

On or about April 29, 2011, during a recorded conversation in a hotel suite in Atlantic City, New Jersey, Assemblyman Boyland solicited a \$250,000 bribe from UC1 and UC2. Assemblyman Boyland proposed a scheme which called for UC1 and UC2 to purchase a former hospital in Assemblyman Boyland’s district for \$8 million, obtain state grant money to renovate the hospital, and resell it to a non

**RYAN**

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-profit organization that Assemblyman Boyland claimed to control for \$15 million. In exchange for the \$250,000, Assemblyman Boyland promised that he would, among other things, arrange for the sale and take official action and use his influence to secure state grant money to allow UC1 and UC2 to renovate the hospital so that it could be sold to Assemblyman Boyland's organization for a profit.

Starting in May 2011, Hermon and UC1 had multiple recorded conversations about the hospital deal and the \$250,000 bribe. During one meeting, Hermon told UC1 that Assemblyman Boyland had informed her that UC1 and UC2 had agreed to pay Assemblyman Boyland the \$250,000. UC1 responded that he and UC2 had not agreed to pay the money yet, but stated that "it's not an issue if, if uh we start to move in our direction." Hermon stated that the hospital deal was "doable," that she had been "on the phone with a state representative hearing about their enthusiasm about the project," and that Assemblyman Boyland "definitely has state support." In a later telephone conversation, Hermon told UC1 that "just like the carnival, I'm just being put onto this [hospital] project," and stated that she had attended meetings about the project and set up a meeting for Assemblyman Boyland with a state agency about it. In discussing the project, she stated that Assemblyman Boyland "has the power 'cause of the fact that it's state, that's one, and he's a state Assemblyman. Also, he has power because he, it's in his district. And he has the relationships on the state level . . ."

On or about May 27, 2011, Assemblyman Boyland, Hermon and an individual whom Assemblyman Boyland described as a "developer" met with UC2 and took him on a site tour of the hospital.

## Attorney General Eric Holder Speaks to Law Students in Paris

(USDOJ: Justice News)

Submitted at 8:35 AM December 2, 2011

"Over the last two days, I've had the opportunity to work alongside Ambassador Rivkin, and with my French counterparts – and our fellow G-6 ministers – in discussing the shared concerns, goals, and priorities that bind our nations to one another, and to our allies across Europe," said Attorney General Holder.

On or about June 7, 2011, in a recorded meeting, Hermon told UC1 that Assemblyman Boyland did not want her to continue her efforts to set up meetings between UC1 and other elected officials and that Assemblyman Boyland wanted "them" to stay in the background. Later that day, UC1, UC2 and Assemblyman Boyland met in a hotel room in Manhattan. During a recorded conversation, Assemblyman Boyland renewed his request for \$250,000 in connection with the hospital project.

On or about June 28, 2011, Hermon explained to UC1 during a recorded telephone call that Assemblyman Boyland had not placed a planned call to UC1 because he had been questioned by law enforcement about "his role with the hospital."

"Ryan Hermon's job was to provide aid and assistance to her community. Instead, she allegedly used her position to help herself, trading her influence and energy for personal gain. The charged conduct is an affront to the people of New York," stated United States Attorney Lynch. "Staffers who sell the public's trust are on notice that they will be held to account for their criminal activities." Ms. Lynch stated that the government's investigation is continuing.

FBI Assistant Director in Charge Fedarcyk stated, "Ms. Hermon's responsibility to the public was pushed aside. Apparently, her concept of her job included conspiring with her boss to solicit and take bribes. Every instance of public corruption undermines public confidence, and every instance will be vigorously policed by the FBI."

If convicted, Hermon faces a maximum sentence of 20 years in prison.

The government's case is being prosecuted by Assistant United States Attorneys Roger Burlingame, Carolyn

## FBI sting nabs 13 in alleged kickback scheme

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

Submitted at 8:57 AM December 2, 2011

The Boston Globe on December 1, 2011 released the following:

"By Todd Wallack

The US government yesterday charged 13 corporate executives, lawyers, and penny stock promoters with agreeing to pay illegal kickbacks, the result of a yearlong FBI sting operation run out of Massachusetts.

As part of the sting, an undercover FBI agent pretended to work for a local office of a New York hedge fund in an unnamed

Pokorny and Lan Nguyen.

The Defendant:

RYAN N. HERMON

Age: 33

1 The charges contained in the complaint are merely allegations, and the defendant is presumed innocent unless and until proven guilty.

2 As detailed more fully in the complaint, to obtain the permissions and/or permits necessary to operate carnivals in New York City, carnival businesses must obtain the support of local community boards and elected officials.

3 Boyland was acquitted of those charges on November 10, 2011."

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Boston suburb, according to government documents. The agent then approached both companies and intermediaries, offering to arrange for his fund to invest up to \$5 million in the firms – under the condition that the companies secretly kick much of the money back to him.

Authorities said the agent met with about 30 individuals in the Boston area office from October 2010 through August 2011.

The government filed criminal charges against executives of two Massachusetts companies: Michael Lee, 51, of Hingham,

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# Mark Stanton Wyche Charged in the U.S. District Court in Topeka in a Federal Criminal Complaint for Alleged Bank Robberies

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

Submitted at 9:48 AM December 2, 2011

The Federal Bureau of Investigation (FBI) on December 1, 2011 released the following:

“Manhattan Man Charged in Three Robberies

TOPEKA, KS— A man from Manhattan, Kan., has been charged with robbing two banks and a gas station, U.S. Attorney Barry Grissom said today.

Mark Stanton Wyche, 23, Manhattan, Kan., appeared on the charges Wednesday in U.S. District in Topeka. A federal criminal complaint alleges he committed the following robberies:

- The Oct. 4, 2011, robbery of Community First National Bank, 210 Tuttle Creek Boulevard, Manhattan, Kan.
- The Nov. 17, 2011, robbery of Kansas State Bank, 555 Poyntz Avenue, Manhattan, Kan.
- The Nov. 22, 2011, robbery of Dara’s Fast Lane, 5321 Tuttle Creek Boulevard, Manhattan, Kan.

The complaint alleges that he wore a green stocking cap, dark colored jacket, stone washed denim jeans, and sunglasses when he robbed Community First National bank. He gave the teller a note reading, “Give me all \$100 bills in your

drawer! Now! No alarms, no dye packs. Be quick, I have a gun!” He lifted up his jacket to show the teller what appeared to be a handgun in his waistband. The teller described him as wearing a fake mustache.

During the Kansas State Bank robbery, he gave the teller a note reading, “You are being robbed. Give me all the \$100 dollar bills in your drawer. You have 10 seconds. No alarms. No dye packs.”

During the robbery at Dara’s Fast Lane, he gave the teller a note saying to “start with the big bills,” or words to that effect. He lifted up the front of his jacket to expose what the clerk believed was a handgun.

On Nov. 28, 2011, Riley County Police received information from the Crime Stoppers Tip Line that Wyche was the robber and was planning more robberies. They compared the writing in two notes from the bank robberies to a sample of Wyche’s handwriting. They also identified a getaway car used in the robberies and interviewed witnesses. On Nov. 30, 2011, they served a search warrant at Wyche’s residence in Manhattan, where they arrested him.

If convicted, he faces a maximum penalty of 25 years in federal prison and a fine up to \$250,000 on the first bank robbery count, and a maximum penalty of 20 years

and a fine up to \$250,000 on each of the other counts. The Riley County Police Department and the FBI investigated. First Assistant U.S. Attorney Mike Warner is prosecuting.”

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# Pediatrician Arrested on Alleged Child Pornography Charges

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

Submitted at 10:40 AM December 2, 2011

The Federal Bureau of Investigation (FBI) on December 1, 2011 released the following:

“ATLANTA— Special Agent in Charge Brian D. Lamkin announces the following arrest today at Columbus, Georgia:

Yancy Craft, aka Travis Mobley, 41 years of age, of Columbus, Georgia and formerly of Memphis, Tennessee, was taken into custody today, December 1, 2011, by FBI agents of the Columbus, Georgia Resident Agency after coming to the attention of undercover officers on the Internet as part of an interstate child pornography investigation. This investigation was initiated by the FBI Memphis Crimes Against Children Task Force but was transferred to the

Columbus, Georgia area when it was learned that Craft, a pediatrician, had relocated to that area for an imminent job placement.

Craft is currently charged via federal criminal complaint for the possession and receipt of child pornography.

Craft will have his initial appearance in front of a U.S. Magistrate Judge in Columbus, Georgia later this afternoon.

The public should be reminded that the above are mere allegations and that all persons are presumed innocent until proven guilty in a court of law.”

Douglas McNabb – McNabb Associates, P.C.’s

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chief executive of ZipGlobal Holdings Inc., a former telecommunications firm in Hingham now focused on lighting products; and Paul Desjourdy, 50, of Medfield, chief executive of Symbollon Corp./Symbollon Pharmaceuticals Inc., a specialty biotechnology firm in Medfield. Both were charged with mail fraud and conspiracy to commit securities fraud.

Eleven other defendants from across the country were charged with fraud, including Edward Henderson, 69, of Lincoln, R.I. Henderson, who helps firms obtain financing, allegedly arranged for the agent posing as a hedge fund representative to meet Desjourdy in hopes of receiving a portion of the kickback.

The Securities and Exchange Commission also filed civil charges against Lee, Desjourdy, and Henderson, alleging they manipulated trading in microcap stocks – shares of companies with a small market value that are typically traded over the counter, rather than on better-known exchanges such as Nasdaq Stock Market or the New York Stock Exchange.

Lee's attorney, Thomas Brant, said his client was "shocked and devastated" by the charges, but declined to comment further. Desjourdy's lawyer declined to

comment. Henderson's attorney could not be reached.

As result of the investigation, the SEC suspended trading of Symbollon, ZipGlobal, and five other thinly traded public companies. ZipGlobal last traded at 3 cents a share before being suspended. Symbollon last traded for less than a penny a share.

David Bergers, director of the SEC's Boston office, said it is important to thwart kickback schemes – even involving small companies – because they can hurt investors. A tainted hedge fund investment could artificially drive up a firm's stock price, forcing other investors to pay more for shares or misleading them about the company's potential.

"Although the stock price for these companies may be low, the damage can be very high," Bergers said.

US Attorney Carmen Ortiz said the case was novel because FBI agents were able to partner with the SEC to use undercover strategies more common to drug and public corruption cases than securities. "It's really important that the markets operate in a fair and honest fashion," Ortiz said. "We hope it serves a deterrent factor so that others will not engage in this kind of criminal activity.'"

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