



OFFICE OF INSPECTOR GENERAL Department of Homeland Security

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OIG Honors Trio for Assist in Major Fraud Case

The Department of Homeland Security (DHS), Office of Inspector General (OIG), has honored three Federal law enforcement allies who played key roles in smashing a fraud scheme that had attempted to siphon off more than \$900,000 in Federal Emergency Management Agency (FEMA) disaster relief funds.

Acting Inspector General Charles Edwards was on hand in Fort Pierce, FL, Dec. 6 to personally honor Special Agent Louis Babino, Internal Revenue Service, Criminal Investigations Division; and Assistant United States Attorneys (AUSAs) Russell Killinger and Adam McMichael.

“Honoring our Federal partners is always a pleasure,” said Edwards. “And it is well deserved in this case. You would be hard-pressed to find a more despicable offense than stealing disaster relief funds. Thanks to these fine public servants and our own DHS OIG professionals, a major scheme has been foiled and the perpetrators have been brought to justice.”

A DHS OIG fraud investigation, spearheaded by Senior Special Agent James De Palma, was initiated following an allegation from the Highlands County, FL, Sheriff’s Office and FEMA that employees of Glades Utility Service (GUS) were involved in an organized theft operation that might include FEMA funds.

The investigation revealed that, in 2005, the Glades Electric Cooperative (GEC) received a FEMA Public Assistance grant totaling \$2,856,246 for straightening damaged utility poles following Hurricane Wilma. GEC then sole sourced with GUS, a company it owned, to complete the utility work. Chris Hale, General Manager of GUS, then subcontracted the work to Enerphase Electric, a local company owned by his relatives, Jeffrey and Angela Aunspaugh. GUS paid \$992,700 to Enerphase for services rendered.

The DHS OIG discovered that Hale and the Aunspaugh had agreed to a "kickback" scheme. As the Aunspaugh received payments for the FEMA work, they withdrew \$205,525 in cash and paid it to Hale. To conceal the scheme, the Aunspaugh withdrew kickback funds in increments under \$10,000 to circumvent bank reporting requirements. Hale concealed and laundered his kickbacks by depositing the money in several bank accounts.



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With the help of IRS Special Agent Babino, DHS OIG determined the Aunspaugh and Hale had been engaged in a conspiracy since September 2005. Overall, the fraud they committed totaled \$1,125,519, including \$992,700 of FEMA funds.

Following a Federal District Trial spearheaded by AUSAs Killinger and McMichael, the Aunspaugh and Hale were both found guilty of structuring, money laundering, mail fraud, and conspiracy, and were each sentenced 63 months in Federal prison. Hale pleaded guilty to one count of mail fraud and was sentenced to 30 months in Federal prison. They were also ordered to make a total of \$736,769.49 in restitution.

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