

Ripley Rand
United States Attorney
Middle District of North Carolina

September 2014

101 South Edgeworth St
Greensboro, NC 27401
336-333-5351
www.usdoj.gov/usao/ncm

Counties of the Middle District

Alamance
Cabarrus
Caswell
Chatham
Davidson
Davie
Durham
Forsyth
Guilford
Hoke
Lee
Montgomery
Moore
Orange
Person
Randolph
Richmond
Rockingham
Rowan
Scotland
Stanly
Stokes
Surry
Yadkin

Five Things About Deterrence

Does punishment prevent crime? If so, how, and to what extent? Deterrence — the crime prevention effects of the threat of punishment — is a theory of choice in which would-be offenders balance the benefits and costs of crime. In his 2013 essay in *Crime and Justice in America: 1975-2025*, Daniel S. Nagin succinctly summarized the current state of theory and empirical knowledge about deterrence. "When deterrence effects are unpacked, it is clear that sanction threats are not universally efficacious: Magnitudes of deterrent effects range from none to seemingly very large." [\[1\]](#)

The "Five Things About Deterrence" web page and PDF flyer are drawn from Nagin's essay and are presented here to help those who make policies and laws that are based on science.

1. The certainty of being caught is a vastly more powerful deterrent than the punishment.

Research shows clearly: If criminals think there's only a slim chance they will be caught, the severity of punishment — even draconian punishment — is an ineffective deterrent to crime.

2. Sending an offender to prison isn't a very effective way to deter crime.

Prisons are good for punishing criminals and keeping them off the street, but prison sentences are unlikely to deter future crime. Prisons actually may have the opposite effect: Inmates learn more effective crime strategies from each other, and time spent in prison may desensitize many to the threat of future imprisonment.

3. Police deter crime by increasing the perception that criminals will be caught and punished.

The police deter crime when they do things that strengthen a criminal's perception of the certainty of being caught. Strategies that use the police as "sentinels," such as hot spots policing, are particularly effective.

(cont.)

4. Increasing the severity of punishment does little to deter crime.

Laws and policies designed to deter crime are ineffective partly because criminals know little about the sanctions for specific crimes. Seeing a police officer with handcuffs and a radio is more likely to influence a criminal's behavior than passing a new law increasing penalties.

5. There is no proof that the death penalty deters criminals.

According to the National Academy of Sciences, "Research on the deterrent effect of capital punishment is uninformative about whether capital punishment increases, decreases, or has no effect on homicide rates."

Notes

[1] Nagin, Daniel S., "Deterrence in the Twenty-First Century," in *Crime and Justice in America: 1975-2025*, ed. M. Tonry, Chicago, Ill.: University of Chicago Press, 2013: 199-264. The essays in *Crime and Justice in America: 1975-2025* explain how policy and knowledge did and did not interact over time and charts prospects for the future. The essays discuss where we are now, and, perhaps even more important, where we are going. Since 1979, the *Crime and Justice* series has provided expertise to enhance the work of sociologists, psychologists, criminal lawyers, justice scholars and political scientists. The series explores a full range of issues concerning crime, its causes and its cures.

Source: Office of Justice Programs, National Institute of Justice July 11, 2014

CRC Network to Host Training

We are thrilled to have Rob Finch of the Greensboro Police Department and expert on subversive groups (OMGs, sovereign citizens, etc) to provide a training to our CRC network and their law enforcement partners.

The training is scheduled for Dec. 10 from 10:30am-12:00pm in the Elliott University Center on the UNCG campus.

You are encouraged to invite law enforcement and probation partners who you think would benefit from this training. This training is free and parking will be provided for this great opportunity. We have limited space and can accept the first 50 people guaranteed, so please RSVP with names of attendees by Friday, Sept. 5.

Intelligence Specialist Joins U. S. Attorney's Office

Maggie Dunn has joined our office as the Intelligence Specialist. Maggie is a retired Colonel with the United States Army with over thirty years of military experience. She has many years of service as a Command Inspector General, has done tours of duty all over the world, and demonstrated strong leadership and an incredible work ethic during her time in the military.

Public Safety Officers' Benefits (PSOB) Program

A unique partnership effort of the U.S. Department of Justice; local, state, tribal, and federal public safety agencies; and national organizations, the Public Safety Officers' Benefits (PSOB) Programs provide death and education benefits to survivors of fallen law enforcement officers, firefighters, and other first responders, and disability benefits to officers catastrophically injured in the line of duty.

2014 Benefit

The amount of the PSOB benefit is \$333,604.68 for eligible deaths occurring on or after October 1, 2013.

<https://www.psob.gov>

Violent Crimes Anti-Terrorism Advisory Council (VC-ATAC)

September 24, 2014	U. S. Attorney's Office	415 N. Edgeworth St. Greensboro
October 29, 2014	U. S. Attorney's Office	415 N. Edgeworth St. Greensboro
December 3, 2014	U. S. Attorney's Office	415 N. Edgeworth St. Greensboro

Meetings begin at 9:30 AM unless otherwise noted. Locations will be determined.

PSN Middle District Advisory Team (MDAT)

October 16, 2014 Lexington

Meetings will be 9:00 AM-12:00 noon

PSN Notification Dates

October 30, 2014	Winston-Salem
November 12, 2014	Rockingham
November 13, 2014	Greensboro
December 02, 2014	High Point

Identity Theft Task Force Meeting

September 12, 2014
November 14, 2014

Meetings begin at 9:30 AM
United States Attorney's Office
Greensboro, NC

Human Trafficking Triad Rapid Response Team

North Carolina Coalition Against Human
Trafficking (NCCAHT)
September 5, 2014 10:00 AM
United States Attorney's Office
Greensboro, NC

Child Pornography Searches and Non-Custodial Statements

In what appeared to be a routine child-pornography case earlier this year, the defense successfully moved to suppress the defendant's statements, including an admission, following the search of his residence. Local officers assisted federal agents in executing a search warrant, after which the suspect admitted, outside of the presence of his wife, his child pornography activities in a non-custodial, consensual interview. The defense characterized the search and subsequent interview as occurring in "a police-dominated and command atmosphere," and relied on *United States v. Revels*, 510 U.S. F.3d 1269 (10th Cir. 2007). The government relied on the Fourth Circuit in *United States v. Colonna*, 511 F.3d 431, 435 (4th Cir.2007) and *United States v. Hargrove*, 625 F.3d 170, 180-181 (4th Cir.2010)("[A]lthough the setting of the interview is not singularly dispositive, an interview at a suspect's residence tends to be more neutral than one that occurs at a law enforcement facility."). As is often done, the agents spoke with the suspect outside of the presence of the suspect's spouse, due to the nature of the search.

The district judge's written opinion in the suppression hearing included the following:

"After the house was secured, Defendant was told where to sit inside, and that he had to let the agents know if he wanted or needed to get up for any reason. He was never at any point told that he was free to leave or that he was not under arrest, nor did he voluntarily request to speak with the agents before he was taken into a separate secluded room away from his wife.

(cont.)

Furthermore, in terms of the coercive atmosphere within Defendant's residence, eight agents stayed in the house, during which time, the interrogation of Defendant began, which lasted approximately 45 minutes to one hour. Defendant indicated that he needed to leave for work and was provided with a phone to call and let work know that he would be late. Again, neither Defendant's nor the agents' subjective thoughts as to whether Defendant was free to leave are relevant to the custody inquiry. Though there are factors that weigh against a finding of custody, such as the location of the interrogation (Defendant's home), the lack of evidence that agents' weapons were ever pointed at Defendant himself, and length of the interrogation itself when compared with the longer interrogations in *Hashime* and *Colonna* (three hours in both of those cases), the factors do not outweigh the totality of the circumstances that support the Court's finding that Defendant was in custody when he was interrogated."

United States v. Morris, 1:13CR169-1, Docket#18 at 10, (M.D.N.C.)(March 27, 2014).

There were a number of problems in the government's case in *Morris* which, cumulatively, led to suppression of the defendant's statement. The suppression hearing brought out evidence which was at times contradictory to police reports. For example, while it was true that the defendant was never handcuffed, one officer testified that he manually restrained the defendant's hands behind the defendant's back. That fact was not in any police report. The case agent testified that during the search, he told the defendant that the defendant was free to leave as he was not in custody. Because no other officer heard the case agent state this during the search, the judge did not find the case agent's statement about advising the defendant to be credible. Looking ahead, you may want to have another officer present when advising a subject that he is not in custody and free to leave. Regarding the question of custody, the court's written order also stated, "This inquiry is an objective test, asking "whether a reasonable person [would] have felt he or she was not at liberty to terminate the interrogation and leave." [United States v. Hashime](#), 734 F.3d 278, 282 (4th Cir. 2013) (alteration in original) (quoting [United States v. Jamison](#), 509 F.3d 623, 628 (4th Cir. 2007)) (internal quotation marks omitted). "Facts relevant to the custodial inquiry include, but are not limited to, 'the time, place and purpose of the encounter, the words used by the officer, the officer's tone of voice and general demeanor, the presence of multiple officers, the potential display of a weapon by an officer, and whether there was any physical contact between the officer and the defendant.'" Id. at 283 (quoting [United States v. Day](#), 591 F.3d 679, 696 (4th Cir. 2010)).

Officers in the NC ICAC should read the cases cited above – you can follow the hyperlinks in this newsletter. When executing child pornography search warrants, you should bear those cases in mind, and understand that all of your actions are likely to be seen in a different context in a suppression motion. If you choose to execute warrants by using a number of officers to secure the scene and questioning the subject on-scene, consider that many of the standard practices in searching a residence which are routine for officer safety may later be seen as part of the "police-dominated atmosphere" which led to the suppression in *Morris*. Some NC ICAC officers have great success in what might be called "the soft approach," in which they first engage the search target in a consensual dialog. Some officers use the context of investigating computer identity theft in order to get the subject to admit incriminating information such as exclusive use of the computers in the house, password-protected WiFi, and use of peer-to-peer software. At some point, the agents will ask for permission to preview items on the subject's computer. If the subject denies permission, the officers then produce the search warrant. In many instances, the subject will then admit the child pornography activity and direct the officer to the machine and media containing the contraband.

Written by:

[Anand Ramaswamy](#)

Assistant United States Attorney
Middle District of North Carolina

FBI Campaign to Stop Laser Strikes Expands to North Carolina

The Charlotte Division of the FBI is announcing a campaign and reward program to deter people from pointing lasers at aircraft. Aiming a laser pointer at an aircraft is a violation of state and federal law. In 2013, there were 68 reported laser incidents in North Carolina. There were 20 incidents across the state through May 15, 2014, 6 of those happened in Charlotte.

The FBI and the Federal Aviation Administration (FAA) began tracking laser strikes in 2005. Last year, there were a total of 3,960 laser strikes reported – an average of almost 11 incidents per day. Industry experts say laser attacks present potential dangers for pilots.

“Shining a laser into the cockpit of an aircraft can temporarily blind a pilot, jeopardizing the safety of everyone on board,” said FAA Administrator Michael Huerta. “We applaud our colleagues at the Justice Department for aggressively prosecuting aircraft laser incidents and we will continue to use civil penalties to further deter this dangerous activity.”

FBI analysis shows laser strikes happen most frequently between midnight and 7a.m., with the greatest strikes occurring between 3a.m. and 4a.m. In many cases, laser strikes are being committed by teens and adults between the ages of 35-45. Most don’t comprehend the serious consequences of lasing, and in some cases, are unaware it is against the law.

“Aiming a laser pointer at an aircraft is a serious matter and a violation of federal law,” said Ron Hosko, Assistant Director of the FBI’s Criminal Investigative Division. “It is important that people understand that this is a criminal act with potentially deadly repercussions.”

In February 2012, President Barack Obama signed the “FAA Modernization and Reform Act of 2012” and added a new provision that makes it a federal crime to aim a laser pointer at an aircraft. On the State level, violators may also be charged with “Illuminating Aircraft with Laser Point.”

In an effort to raise public awareness about the issue, the FBI is launching a targeted reward program. Through September 3, 2014, the program will offer a reward of up to \$10,000 for information that leads to the arrest of any individual who aims a laser at an aircraft. A similar reward program is already being offered in 12 other cities across the country.

Adams Outdoor Advertising will publish billboards across the Charlotte area to educate the public about the dangers and penalties associated with laser pointers aimed at aircraft. The company is donating space and time on digital billboards throughout the area as a public service to the community.

Thousands of laser attacks go unreported every year. If you have information about a lasing incident, contact FBI Charlotte at 704-672-6100. If you see someone pointing a laser at an aircraft, call the nearest local law enforcement agency immediately by dialing 911. Tips can also be submitted online at <https://tips.fbi.gov>.

Under federal law, knowingly aiming a laser pointer at an aircraft is a felony offense, carrying a maximum sentence of five years in prison and a \$250,000 fine.



PRESS RELEASES

From July 31, 2014



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JULY 31, 2014
WWW.JUSTICE.GOV

TAX
(202) 514-2007
TTY (866) 544-5309

NORTH CAROLINA WOMAN SENTENCED FOR ROLE IN WIDESPREAD TAX RETURN AND IDENTITY FRAUD CONSPIRACY

WASHINGTON – The Justice Department and the Internal Revenue Service (IRS) announced that a Durham, North Carolina, woman was sentenced today to serve 30 months in federal prison for conspiring to defraud the IRS.

Tasha Renee Smith was sentenced in Greensboro, North Carolina, by U.S. District Judge Catherine Eagles, who ordered her to serve three years of supervised release and to pay restitution to the IRS in the amount of \$375,578. Smith pleaded guilty on April 8 to the conspiracy charge.

According to court documents, Smith was employed by Nothing But Taxes (NBT), a tax return preparation business with branches throughout North Carolina, for parts of the filing seasons for tax years 2005, 2006 and 2007. While working at NBT's Durham location, Smith intentionally falsified tax returns for many clients. Common techniques she employed include the addition of false dependents to tax returns and inflating the Earned Income Tax Credit for low-income clients by adding additional, fictitious income.

According to court documents, during her second and third seasons preparing returns at NBT, Smith made extensive efforts to solicit and purchase the names, dates of birth and social security numbers of individuals in the community. Smith used the identities she purchased as false dependents on returns she prepared at NBT later that tax year. Smith charged clients a side cash payment in exchange for a false dependent, in addition to the flat return preparation fee charged by NBT.

According to court documents, during the 2008 tax filing season, Smith and two business partners opened their own tax return preparation business, Tax Wizards, with branches in Durham and Roxboro, North Carolina. Smith owned and operated the business, and hired her own return preparers. Like NBT, Tax Wizards became a center of tax fraud. Smith encouraged return preparers she hired at Tax Wizards to keep any falsifications on tax returns they prepared modest, in the \$1,200 to \$1,500 range, to avoid IRS scrutiny. Smith knew that return preparers she employed at Tax Wizards were falsifying returns for clients because she had cautioned the return preparers to keep any falsifications modest and because she witnessed some falsifications occur on the premises. Smith intentionally tried to avoid being physically present at Tax Wizards, in part to avoid the hassle of day-to-day management, but also because she did not want to be present while she knew fraud was occurring.

Court documents state that Smith and another person opened a tax return preparation business during the 2009 tax filing season called Keystone Tax Services, also in Durham. Keystone also became a hotbed of tax fraud. Smith also intentionally tried to avoid being physically present at Keystone for the same reasons as with Tax Wizards. Around April 2011, Smith closed down Tax Wizards and Keystone. Smith became aware that return preparers at her businesses were falsifying returns by creating fictitious Form W-2's ostensibly

issued by non-existent businesses. The falsification was so rampant and involved so much money that Smith feared IRS detection, so she shuttered Tax Wizards and Keystone.

According to court documents, during filing season for tax year 2011, in January to April 2012, Smith and other investors opened a business called Tax Solutions. Tax Solutions had four branches throughout North Carolina, specifically, in Roxboro, Durham, Burlington and Kinston. Smith was hired in exchange for a share of the business's profits and was charged with hiring managers for the various Tax Solutions branches. She hired at least one manager whom she knew to be complicit in the fraudulent practices at Tax Wizards and Keystone. Return preparers at Tax Solutions also falsified numerous tax returns for their clients.

The case against Smith was investigated by Special Agents of IRS-Criminal Investigation. It was prosecuted by Assistant U.S. Attorney Frank Chut for the Middle District of North Carolina and Trial Attorney Jonathan Marx of the Justice Department's Tax Division.

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July 3, 2014

RANDOLPH COUNTY RESIDENT SENTENCED FOR GOVERNMENT ENERGY SAVING PROGRAM FRAUD

GREENSBORO, N.C. – United States Attorney Ripley Rand of the Middle District of North Carolina announced today that Lisa Turner Wright, 51, of Franklinville, North Carolina, was sentenced to a 12 month prison term by the Honorable Catherine C. Eagles in federal court in Greensboro, North Carolina, on June 30, 2014.

Wright pleaded guilty to conspiring with Tiffanie Annette Wilson in a scheme to defraud a federally funded program designed to help low income North Carolinians save energy and reduce utility costs by making homes more energy efficient. Wilson was the weatherization director for Regional Consolidated Services (RCS), a nonprofit organization in Asheboro, North Carolina, which administered the energy program. Wilson awarded RCS contracts under the program to Wright's company, New Age Concepts (NAC), and Wright paid money to Wilson once RCS paid program funds to NAC.

Lisa Turner Wright was also ordered to pay restitution of \$324,651 and to serve three years of supervised release after completing her sentence. Tiffanie Annette Wilson, 39, of Randleman, North Carolina, was previously sentenced on March 11, 2014, to 24 months imprisonment for her involvement in the scheme.

The case was investigated by the Federal Bureau of Investigation, the Department of Energy/Office of Inspector General, and the State Bureau of Investigation. This case was prosecuted by Assistant United States Attorney Robert M. Hamilton.

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July 30, 2014

HUSBAND AND WIFE ARRESTED ON FEDERAL FRAUD CHARGES

GREENSBORO, N.C. – Sandy and Casey Parsons were arrested today on a federal criminal indictment charging them with fraud, announced Ripley Rand, United States Attorney for the Middle District of North Carolina. The 76-count criminal indictment was unsealed today following the couple's arrest by FBI and IRS-CI agents in Fayetteville, N.C.

The indictment alleges that, from February 2010 to August 2013, Sandy Parsons, 40, and Casey Parsons, 39, committed tax fraud, mail fraud, theft of government funds, and identity theft, and engaged in a conspiracy to defraud the government. The indictment alleges that the Parsons received government funded adoption assistance, Medicaid, Social Security, and Food and Nutrition Services benefits for a dependent that did not live with them and used the mail to commit the fraud. The indictment also alleges that Casey Parsons fraudulently used the identities of other persons as dependents and used other false information when preparing federal tax returns.

Sandy and Casey Parsons are charged with one count of conspiracy to defraud the government, which carries a maximum sentence of five years in prison and a \$250,000 fine; twenty counts of theft of government funds, each of which carries a maximum sentence of five years in prison and a \$250,000 fine; and twenty counts of mail fraud, each of which carries a maximum sentence of twenty years in prison and a \$250,000 fine. The indictment also charges Sandy Parsons with one count of aggravated identity theft, which carries a mandatory sentence of two years, consecutive to any other sentence, and a \$250,000 fine; and one count of false statement to a government agency, which carries a maximum sentence of two years in prison and a \$250,000 fine.

Casey Parsons is also charged with one count of false pretense in a health care matter, which carries a maximum sentence of five years in prison and a \$250,000 fine; two counts of Social Security fraud, each of which carries a maximum sentence of five years in prison and a \$250,000 fine; fifteen counts of aggravated identity theft, each of which carries a mandatory sentence of two years, consecutive to any other sentence, and a \$250,000 fine; two counts of false statement to a government agency, each of which carries a maximum sentence of five years in prison and a \$250,000 fine; six counts of aiding in the preparation of a false tax return, each of which carries a maximum sentence of three years in prison and a \$250,000 fine; six counts of wire fraud, each of which carries a maximum sentence of twenty years in prison and a \$250,000 fine; and one count of making false claim against the government, which carries a maximum sentence of five years in prison and a \$250,000 fine.

Sandy and Casey Parsons are scheduled to have their initial appearance at 2:30 p.m. today in U.S. District Court in Winston-Salem.

The case was investigated by the Rowan County Sheriff's Office, the Federal Bureau of Investigation, and Internal Revenue Service, Criminal Investigations. The case is being prosecuted by Assistant United States Attorney Anand Ramaswamy.

The charges contained in the indictment are allegations. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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THURSDAY, SEPTEMBER 18, 2014



BANK SECRECY ACT SEMINAR

CHARLOTTE-MECKLENBURG POLICE DEPARTMENT

1770 Shopton Rd., Charlotte, NC 28217

This seminar will focus on the Bank Secrecy Act and the important role financial institutions play in reporting suspicious criminal activity. The seminar is designed to provide a forum for members of the banking industry, law enforcement, and prosecutors to participate in open discussions about topics of mutual concern. Seminar presenters include representatives from the United States Attorney's Office, Internal Revenue Service-Criminal Investigation, Federal Reserve and Wells Fargo. The goal of the seminar is to further relationships between law enforcement and the banking community through continued communication around monitoring, identifying and reporting suspicious activity.

SPONSORED BY

U.S. Attorney's Office– Western District of North Carolina

Internal Revenue Service-Criminal Investigation

HOSTED BY

Charlotte- Mecklenburg Police Department

REGISTRATION INFORMATION

There is no registration fee for this seminar. However, due to the sensitive nature of the material, this seminar is restricted to financial institution and law enforcement personnel. All participants must pre-register.

*Walk-ins are **not** permitted.*

To Register: Complete attached registration form by registration deadline—September 11, 2014.

Seminar Schedule: Registration 8:00 a.m.—9:00 a.m.

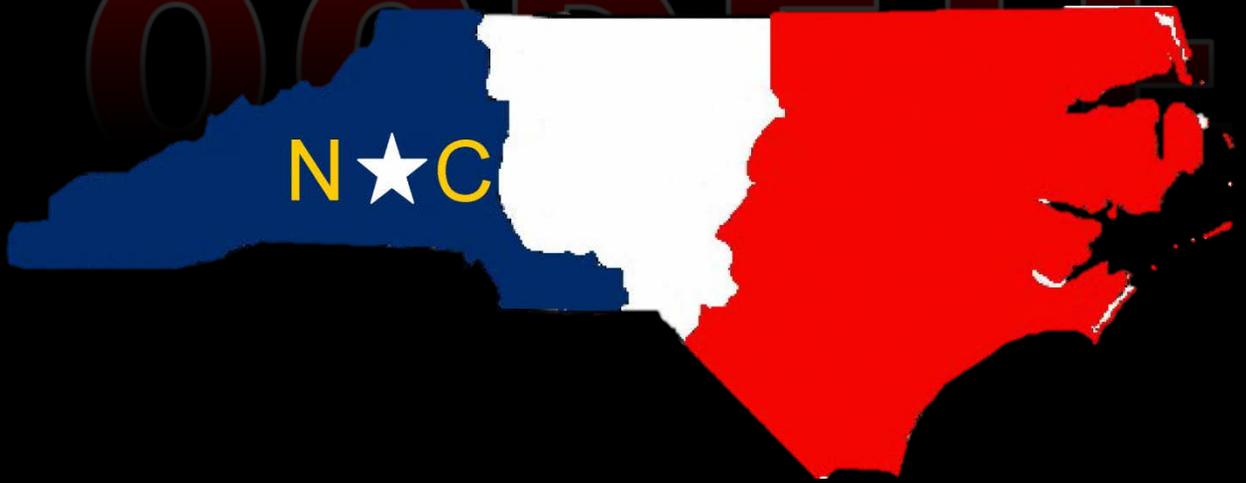
Seminar 9:00 a.m.—4:30 p.m. Seating Capacity: 200

Lunch—On Your Own

Questions about registration may be directed to Fred Hudson at fred.hudson@usdoj.gov or (704) 338-3106.

SAVE THE DATE

OCDETF



Plans are well underway for the 17th Annual OCDETF Conference. The Conference will once again be held at the beautiful Sea Trail Conference Center. November 18th will be a travel day and the seventh annual golf tournament. Full days of instruction will take place on November 19-20 and the conference concludes at noon on the 21st.

If you received this email from me, then you will receive the registration information as soon as it is available. Contact Don Connelly at don.connelly@usdoj.gov or 919-856-4172 for additional information.

Conference Registration and golf tournament registration will be sent out by email by September 1st.