



U.S. Department of Justice

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## PRESS RELEASE

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### **Former Security Guard Sentenced to 27 Months in Prison For Using Identifying Information From Nursing Home Residents In Identity Theft and Tax Fraud Scheme -He Stole Identification Information From Nursing Home Residents-**

WASHINGTON – Derek Johnson, a former security guard at a nursing home, was sentenced today to 27 months in prison for various crimes committed in a far-reaching identity theft and tax fraud scheme. Johnson stole identifying information from current and former residents of the nursing home, which was used to obtain more than \$400,000 in fraudulent tax refunds.

Johnson is among nine people who have pled guilty so far in one of the largest prosecutions to date involving the use of stolen identifying information. He is the first of the defendants to be sentenced. All told, the case involves the filing of returns seeking more than \$20 million in fraudulent refunds.

The sentence, in the U.S. District Court for the District of Columbia, was announced by U.S. Attorney Ronald C. Machen Jr.; Thomas J. Kelly, Special Agent in Charge of the Washington Field Office of the Internal Revenue Service-Criminal Investigation (IRS-CI); Gary R. Barksdale, Inspector in Charge of the Washington Division of the U.S. Postal Inspection Service; Eric M. Thorson, Inspector General, U.S. Department of Treasury; and Kathy A. Michalko, Special Agent in Charge, Washington Field Office, U.S. Secret Service.

Johnson, 34, of District Heights, Md., pled guilty in February 2013 to three charges: conspiracy to defraud the United States with respect to claims; aiding and abetting in the making of false claims for refund, and aiding and abetting in fraud and related activity involving identification information. He was sentenced by the Honorable James E. Boasberg.

Judge Boasberg ordered Johnson to pay a total of \$435,764 in restitution to the IRS. Upon completion of his prison term, Johnson will be placed on three years of supervised release.

According to evidence presented to the Court by Assistant U.S. Attorney Sherri L. Schornstein, Johnson was among participants in a massive identity theft and false tax refund scheme involving an extensive network of more than 100 people, many of whom were receiving public assistance. The scheme also involves bank tellers and postal carriers. From 2006 to date, they allegedly caused the filing of at least 7,000 fraudulent federal income tax returns seeking more than \$20 million in refunds. The case remains under investigation.

According to the government's evidence in this case, the refunds were sought in the names of people whose identities had been stolen, including the elderly, people in assisted living facilities, drug addicts and incarcerated prisoners.

"Derek Johnson was hired to protect the residents of a nursing home, but instead he stole these vulnerable citizens' identities to file for bogus tax refunds," said U.S. Attorney Machen. "His callous conduct was typical of these criminals who exploit senior citizens, people with disabilities, drug addicts, and prisoners in an effort to fleece the taxpayers. Today Mr. Johnson became the first member of this \$20 million tax fraud ring to be sentenced for his crimes, but there are many more to come."

"Criminal conspiracies involving financial fraud of this magnitude are often described as a house of cards. The underlying structure oftentimes falls apart and exposes the individuals responsible without warning," said Special Agent in Charge Kelly. "Identify theft is a loathsome, despicable crime that victimizes honest Americans and causes immense hardship to those individuals whose identities were stolen. Today's sentence is a reminder that the IRS will remain vigilant in our investigation of these schemes and will continue to work with prosecutors to combat this type of criminal conduct."

"The Treasury Office of Inspector General is proud to be a part of this joint effort to stop those who prey on the most vulnerable and unsuspecting victims," said Inspector General Thorson.

Johnson worked from August 2009 to January 2010 as a security guard at the Grant Park Nursing Home in Northeast Washington. This facility provides short-term rehabilitation care for residents with conditions such as stroke, fractures, joint replacements, amputations, and circulatory problems, as well as long-term care for dementia and Alzheimer's patients.

The government's evidence showed that Johnson provided identifying information about current and former nursing home residents to others in the conspiracy. More than 150 fraudulent federal tax forms were filed in the names of these current and former residents with the IRS, claiming fraudulent tax refunds totaling about \$404,832. Some of the refund checks were negotiated by Johnson. Other checks were negotiated by co-conspirators. Johnson endorsed his name on 45 checks totaling \$90,809, which included 31 checks totaling \$30,932 payable to then current or former nursing home patients, and deposited the funds into his own bank account. He kept a portion of the money and provided the rest to one of more of the others in the scheme.

One resident of the nursing home, who had not worked in many years, was recovering from a stroke. His Social Security benefits were reduced as a result of this crime. The IRS reported the man's filing to the Social Security Administration, which led to the reduction in benefits. His benefits are being restored.

Johnson also endorsed and deposited another 14 checks in the names of others, totaling \$30,923.

At sentencing, the government pointed out that tax fraud is a drain on the U.S. treasury and takes away money that could go to a wide variety of essential programs.

In announcing the guilty plea, U.S. Attorney Machen, Special Agent in Charge Kelly, Inspector in Charge Barksdale, Inspector General Thorson, and Special Agent in Charge Michalko commended those who investigated the case. They also acknowledged the efforts of those who worked on the case from the U.S. Attorney's Office, including Paralegal Specialist Donna Galindo, and Assistant U.S. Attorney Sherri L. Schornstein, who is prosecuting the case.

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