



## News Releases

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### **Leaders of multi-million dollar immigration and tax scam sentenced to hard time**

GRAND RAPIDS Mich. - Three Florida residents were sentenced here Monday to between 10 and two years in federal prison for their roles in defrauding the United States and harboring illegal aliens. The announcement was made today by U.S. Attorney Charles R. Gross, Western District of Michigan; Assistant Secretary for Homeland Security, U.S. Immigration and Customs Enforcement (ICE) Julie L. Myers; and Special Agent in Charge Maurice M. Aouate, with the Internal Revenue Service's (IRS) Criminal Investigation Division.

Richard M. Rosenbaum, 61, of Longwood, Fla.; Edward Scott Cunningham, 44, of West Palm Beach, Fla.; and Christina A. Flocken, 60, of Longwood, Fla., were sentenced in U.S. District Court for operating a nationwide janitorial service that was staffed almost exclusively with illegal aliens. Rosenbaum, the former president of Rosenbaum-Cunningham International (RCI), previously pleaded guilty in October 2007 to charges of conspiring to defraud the United States and harboring illegal aliens; Cunningham, the company's former vice president, and Flocken, the company's former controller, pleaded guilty the following month to a charge of conspiring to defraud the United States and to harboring illegal aliens.

The Honorable Paul L. Maloney sentenced Rosenbaum to serve 120 months in prison, Cunningham to serve 51 months in prison, and Flocken to serve 30 months in prison. In addition, the Court held each of the three jointly and severally liable for evaded federal taxes and ordered them to pay restitution to the U.S. Treasury. The Court ordered Rosenbaum to pay \$16,908,645.18, Cunningham to pay \$16,294,166.18, and Flocken to pay \$15,675,398.18. Previously, on Jan. 25, Judge Maloney also ordered the three to forfeit to the United States numerous bank accounts, life insurance policies, and currency totaling more than \$3 million that was derived from their illegal activity. In imposing sentence, Judge Maloney noted that the crimes constituted a "massive tax scheme involving illegal aliens," and observed that the defendants' misconduct "contributed directly to one of the most difficult problems faced by Federal law-enforcement today: illegal immigration and the security of the borders of the United States."

The case first gained national attention on Feb. 22, 2007 when a 23-count felony Indictment was unsealed charging the defendants with conspiracy to defraud the United States, harboring illegal aliens for profit, and evading payment of Federal employment taxes. The unsealing of the indictment coincided with a national worksite enforcement action by ICE agents that effectively

shut down what then remained of RCI's operation. According to the Indictment and a Superseding Felony Information, RCI operated as a cleaning and grounds-maintenance service company that contracted with theme-restaurant chains and hospitality venues throughout the United States, including Michigan, and that was staffed predominantly with illegal aliens. In addition to the Grand Traverse Resort and Spa in Acme, Mich., RCI's clients over time included venues such as: the House of Blues, Planet Hollywood, Hard Rock Café, Dave and Busters, Yardhouse, ESPN Zone, and China Grill. Between 2001 and 2005 alone, RCI was paid more than \$54,327,000. By failing to collect and pay Federal income, Social Security and Medicare, and Federal employment taxes on the wages it paid to its workforce, RCI was able to evade payment of more than \$15,675,000 in employment taxes. Much of this money was used by Rosenbaum, Cunningham and Flocken to support their extravagant lifestyles.

These sentences conclude an extensive criminal investigation and prosecution against the principals and certain RCI employees. Santiago Echaniz, a former RCI supervisor, was previously convicted and sentenced for harboring illegal aliens and making a false statement on a tax return. Olfmara Maltos-Trevino and Miguel Martinez-Garcia were both convicted and sentenced for aiding and abetting the unlawful employment of illegal aliens. And, although never an RCI employee, Janie Schlagel, a former State of Michigan employee, was convicted and sentenced for trafficking in means of identification.

"This case is an outstanding example of the cooperative efforts of federal law enforcement agencies," said U.S. Attorney Gross. "The success of this investigation is due not just to the exceptional professionalism and diligence of the individual case agents, but also to the remarkable working relationship between U.S. ICE and IRS-CI."

"For too long, unscrupulous employers like those who owned and operated RCI have been able to undercut their competition by building their workforce with illegal labor," said ICE Assistant Secretary Myers. "Targeting employers who profit from illegal hiring is a key component to stopping illegal immigration. While yesterday's sentencing reflects the government's commitment to that goal, it also marks a victory for businesses who abide by law."

IRS Special Agent in Charge Aouate added that: "The IRS' impact on enforcing employment tax laws shows that anyone who tries to undermine our tax system by playing fast and loose with the rules will be held accountable. These sentences should provide a stern warning to all who participate in this type of corrosive activity that you will draw the full attention of the IRS Criminal Investigation Division and our law enforcement partners."

The case was prosecuted by Assistant U.S. Attorneys Hagen W. Frank and Matthew G. Borgula, Western District of Michigan.

-- ICE --

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm
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of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.

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